

Northwestern University

Key Effort Reporting Policies

Introduction

Purpose: To provide clarification and amplification of key policies governing Northwestern University's effort reporting system. Effort reporting encompasses many processes, including committing effort, charging and cost sharing salary expense for effort, and certifying effort to support commitments and salary charges.

As a recipient of significant sponsored funds, the University must assure Federal and other sponsors that the assignment of time and associated salary and fringe benefit costs to the projects they sponsor is fair, consistent, and timely. The University's effort reporting policies – along with related definitions, procedures, forms, data and technology – are the means by which this responsibility is fulfilled. Financial penalties, expenditure disallowances, and even harm to the University's reputation could result from an inadequate effort reporting system or from failure to comply with effort reporting policies and requirements.

A basic regulatory framework for effort reporting is provided by select federal regulations, principally Office of Management and Budget (OMB) Circular A-21 and other publications such as the Department of Health and Human Services Public Health Service Grants Policy. The development of this Effort Reporting Policy document is an acknowledgement of the significant complexities and ambiguities of effort reporting and the challenges of understanding and complying with the federal requirements.

The intent of this document is to provide guidance to faculty, and to the administrators who support them, in the most explicit and constructive way possible; to respond to common faculty and administrator questions; and, in general, to assist faculty members' scientific and administrative performance of sponsored projects. These policies result from extensive discussions – among senior leadership, faculty investigators, and central and academic staff – and deliberate attempts to prepare guidance consistent with the University's simultaneous objectives of promoting research and compliance. These policies, and the larger body of procedures, forms, data and systems used in effort reporting, will continue to be evaluated for opportunities to improve their effectiveness.

Audience: All individuals involved with the administration and conduct of sponsored project activities, including central and departmental sponsored project administrators, principal investigators, and other research personnel.

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Introduction

This document is divided into two sections: 1) a summary of the policy statements, and 2) the policy statements accompanied by their supporting rationales and guidelines and procedures. Each section is organized based on the processes encompassed by effort reporting, as follows:

Proposal Development and Award

1. Basis for estimating effort percentages and calculating salary requests in proposals
2. Expectation for faculty effort in proposals
3. Institutional stance on voluntary cost sharing
4. Expectation for extramural funding of faculty academic year salary
5. Reduction of effort commitments when awarded budget is less than proposed

Salary Distribution

6. Prospective establishment of salary distribution on sponsored project/cost sharing accounts
7. Summer effort and salary for faculty with 9-and 11-month appointments
8. Retroactive salary adjustments

Effort Certification

9. Faculty certification of effort reports
10. Training for faculty and administrators on effort reporting

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Summary of Policy Statements

1. Basis for estimating effort percentages and calculating salary requests in proposals

Policy Statement

The basis for effort percentages indicated in proposals is:

- For most Northwestern faculty (i.e., those who do not hold NMFF appointments), the effort which relates to and is required by an individual's Northwestern University (NU) appointment(s), including research, teaching and administration activities.
- For faculty in the Feinberg School of Medicine (FSM) who hold both NU and Northwestern Medical Faculty Foundation (NMFF) appointments, the effort which relates to and is required by both the NU and NMFF appointments, including research, teaching, administration, and clinical activities.

The basis for salary request calculations in proposals is that salary which corresponds to the basis for the effort percentage estimate.

- For most faculty, the salary base is the annual salary amount associated with the regular NU appointment(s), stated in terms of number of months (i.e., 9, 11, or 12).
- For FSM faculty who hold both NU and NMFF appointments, the salary base is the annual salary amount associated with both the NU and NMFF appointments.
- For faculty whose corresponding salary exceeds the applicable National Institutes of Health (NIH), or other sponsor, salary limitation, the basis for salary request in a proposal must be the NIH (or other sponsor) salary limitation. However, the actual annual salary amount must be indicated in the budget justification, consistent with federal requirements and to allow for increased funding in the event that the limitation is raised.

2. Expectation for faculty effort in proposals

Policy Statement

Faculty are expected to commit some level of effort (>0%) on proposals on which they are listed as principal investigator (PI) or key personnel, with exceptions for certain types of proposals.

Exceptions include equipment and instrumentation grants, doctoral dissertation grants, student augmentation grants, and institutional/individual training grants (for faculty mentors).

3. Institutional stance on voluntary cost sharing

Policy Statement

Northwestern University does not typically cost share on a voluntary basis, consistent with its objective of maximizing sponsor cost reimbursement to support the continued growth of the research enterprise. A voluntary cost sharing commitment should be made only where the competitive forces and perceived institutional benefit of receiving the award are deemed to be sufficiently strong to warrant the commitment.

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The signature of the department chair and/or Dean on a proposal indicates that the chair/Dean have approved any voluntary commitment to cost share.

4. Expectation for extramural funding of faculty academic year salary

Policy Statement

If faculty expect to expend effort on sponsored projects during the academic year, a proportionate amount of academic year faculty salary should be requested from sponsors (to the extent that this is consistent with sponsor practice).

5. Reduction of effort commitments when awarded budget is less than proposed

Policy Statement

When an awarded budget reflects a reduction from the proposed budget, an evaluation by the PI must occur to determine the impact on effort commitments. Generally, a budget reduction of 25% or more from the proposed budget indicates that a proportional reduction in the effort commitment is appropriate, along with a reduced project scope. This is consistent with the University's policy regarding voluntary cost sharing. Sponsors will be notified, as appropriate, of a reduction in the formal effort commitments at the time of award.

6. Prospective establishment of salary on sponsored project/cost sharing accounts

Policy Statement

Salary distribution should begin on sponsored projects and/or cost sharing accounts as soon as the project is awarded, and concurrently with actual project effort.

7. Summer effort and salary for faculty with 9- and 11-month appointments

Policy Statement

Faculty with 9-month appointments are permitted to expend up to an additional three months of effort on one or more sponsored projects in the period beyond their appointments (i.e., the summer/research quarter) and earn up to three months of additional salary for that effort. Faculty with 11-month appointments may expend up to an additional one month of effort and earn up to one month of additional salary. The following policy statements apply to summer or research quarter/month effort and associated salary for faculty with 9 and 11-month appointments:

- a) For purposes of committing, expending, and certifying effort, and charging the related additional salary for activity outside the appointment period, the expectation for activity in the summer/research period is consistent with the expectation for activity during a commensurate academic period.
- b) To the extent it is required, effort certification for the period beyond the appointment should reflect only the activity for which the faculty member is responsible and earning salary in that period. For most faculty,

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summer/research period activity represents effort and salary *on sponsored projects only*.

- c) Faculty who receive summer salary from sponsored projects must be prepared to certify that effort was expended on those projects during the summer/research period in at least the same proportion as the summer salary charged to those projects. Effort expended during the academic year does not satisfy a commitment related to the receipt of summer salary.

8. *Retroactive salary adjustments*

Policy Statement

Retroactive salary adjustments are highly discouraged for periods for which effort has already been certified. Letters providing detailed explanation, signed by the principal investigator, continue to be required for any retroactive adjustments more than 90 days past the date of initial charge. Retroactive salary adjustments seeking to place costs onto sponsored projects will not be processed if the requested adjustment is more than one year after the date of the initial charge.

9. *Faculty certification of effort reports*

Policy Statement

Faculty are required to certify their own effort reports, and also are required to certify the effort reports of the research staff working on their sponsored projects (graduate students, post doctoral fellows, and other similar persons).

10. *Training for faculty and administrators on effort reporting*

Policy Statement

All faculty and staff involved in the effort reporting process are expected to receive appropriate levels of effort reporting training.

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1. Basis for estimating effort percentages and calculating salary requests in proposals

Policy Statement

The basis for effort percentages indicated in proposals is:

- For most Northwestern faculty (i.e., those who do not hold NMFF appointments), the effort which relates to and is required by an individual's Northwestern University (NU) appointment(s), including research, teaching, and administration activities.
- For faculty in the Feinberg School of Medicine (FSM) who hold both NU and Northwestern Medical Faculty Foundation (NMFF) appointments, the effort which relates to and is required by both the NU and NMFF appointments, including research, teaching, administration, and clinical activities.

The basis for salary request calculations in proposals is that salary which corresponds to the basis for the effort percentage estimate.

- For most faculty, the salary base is the annual salary amount associated with the regular NU appointment(s), stated in terms of number of months (i.e., 9, 11, or 12).
- For FSM faculty who hold both NU and NMFF appointments, the salary base is the annual salary amount associated with both the NU and NMFF appointments.
- For faculty whose corresponding salary exceeds the applicable NIH (or other sponsor) salary limitation, the basis for salary request in a proposal must be the NIH (or other sponsor) salary limitation. However, the actual annual salary amount must be indicated in the budget justification.

Policy Rationale

Northwestern faculty members need a defined set of activities against which to estimate effort percentages and request salary in proposals. This defined set of activities is also the basis for charging salary and certifying effort on their sponsored projects.

Related Guidelines and Procedures

- a) Expectations related to a faculty member's appointment(s) are outlined generally in the Faculty Handbook and, often more specifically, in the faculty member's appointment letter.
- b) The basis for effort percentages indicated in proposals does not include:
 - Consulting and/or other outside professional activities (e.g., service on NIH study sections, leadership in professional societies) expressly permitted for Northwestern faculty in university and school policies, including the Conflict of Interest/Commitment policy; or
 - Activities associated with appointments at any other affiliated entity, such as Veterans Affairs (VA) medical centers. However, appointments at other affiliated entities must be clearly disclosed in proposals and, while not included in the basis upon which estimated effort is expressed, nevertheless considered in determining the effort available to expend. Faculty with VA appointments must complete and submit, on at least an annual basis, a VA Memorandum of Understanding (MOU) documenting the VA effort commitment as well as the NU and NMFF commitments.

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- c) One hundred percent (100%) effort is defined as the effort expended to accomplish the set of activities encompassed by the NU (and if applicable, NMFF) appointment(s), regardless of the actual number of hours expended on those activities. 100% effort is not defined as a single, standard number of hours or days per week, since it will likely be different for each faculty member and may vary during the year. The number of hours implicit in an individual faculty member's "100%" must be reasonable and supportable to department, school, university and external reviewers if requested. In most circumstances, a minimum of 40 hours (assuming a full-time schedule) and a *maximum* of 80 hours would be considered a reasonable average work week.
- d) For FSM faculty who hold NMFF appointments, the clinical activities included in the basis for effort percentages and salary requests may include activity paid as part of the NMFF appointment that represent services performed as a NMFF "consultant" and/or services performed in an administrative role for Northwestern Memorial Hospital (NMH).
- e) The basis for salary requests in proposals does not include:
 - (1) Any incentive compensation, since the salary base can represent only guaranteed compensation.
 - (2) Any compensation earned as a result of permitted outside professional activities, such as consulting.
 - (3) Any compensation earned from serving as a consultant to NMFF, when that compensation is paid via a separate paycheck from NMFF.
 - (4) Any NU additional pay, which is typically provided for non-recurring activity performed outside the scope of the individual's existing appointment(s). ["Non-recurring" is defined as a duration of less than six months; when activity outside the scope of the individual's existing appointment(s) has a duration of six months or more, a separate/additional appointment should be established and pay for that activity should be provided as regular pay, which then, in most instances, becomes part of the salary base.]
- f) In preparing proposals, specifically budget justifications, FSM faculty who hold NMFF appointments should include the applicable standard statement that has been developed to disclose to sponsors the basis for effort percentage estimates and salary requests. These statements are available from the Office of Sponsored Research (OSR) or the OSR website: http://www.northwestern.edu/orsp/Effort_text.html.
- g) The basis used for proposing/committing effort should be the same basis used in charging salary and certifying effort. For consistency, FSM faculty who hold both NU and NMFF appointments are expected to report NMFF-related (clinical) effort when completing effort certifications.

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2. *Expectation for faculty effort in proposals*

Policy Statement

Faculty are expected to commit some level of effort (>0%) on proposals on which they are listed as principal investigator (PI) or key personnel, with exceptions for certain types of proposals.

Policy Rationale

This policy is based on an explicit requirement outlined in the May, 2004 Office of Management and Budget (OMB) clarification to Circular A-21 (“Cost Principles for Educational Institutions”). It is also a reasonable expectation since a PI has responsibility for the scientific, administrative and financial management of a sponsored project – fulfilling these responsibilities requires time. Similarly, any individuals listed as “key personnel” on a project are expected to be expending some level of effort on the project.

Related Guidelines and Procedures

- a) This policy does not apply (i.e., no faculty committed effort is required) for equipment and instrumentation grants, doctoral dissertation grants, student augmentation grants. In addition, no effort commitment is required from faculty mentors (also known as preceptors or program faculty) on institutional training grants, since the faculty mentor’s effort will be assigned to the specific research projects on which the trainees are involved. However, an effort commitment is expected for the named research training program director, since he/she will be expending effort in coordinating the training program. Similarly, no commitment of effort is expected from faculty mentors on individual training grants, as their effort will be assigned to the research projects on which the trainee(s) may be involved.
- b) Faculty effort may be committed during the academic year (AY), summer, or both. (The AY is defined by the faculty member’s appointment contract period; for example, the AY for a faculty member with a 9-month appointment is generally the 9-month period from mid-September through mid-June.)
- c) In general, the effort commitment outlined for any personnel referenced in a proposal should be consistent with the description of the individual’s role on the project. All personnel whose names are listed in the proposal as “key personnel” are expected to have some level of effort committed. It is only in the case of an individual whose level of involvement is expected to be minimal (e.g., limited to occasional brief discussions) that it may be acceptable for no specific effort commitment to be made. If the individual’s involvement is expected to be greater, that individual should be listed in the proposal with a specific effort commitment (when a Northwestern employee) or that individual should be proposed as a subcontractor (generally, when a non-Northwestern employee).
- d) Faculty committed effort is required for both federal and non-federal sponsored project proposals, including industry clinical trials and fixed price agreements. In the case of these trials and agreements, even though there may not be an explicit percent effort identified in the proposal documents submitted to the sponsor, it is expected that effort has been committed. Such commitment is implicit in the reimbursement negotiated with the sponsor and must be indicated on the OSR proposal routing form.
- e) Given the highly variable nature of projects, it is not feasible to develop a single standard or set of standards to define “some level of effort.” However, in general, faculty effort committed in proposals should:
 - ✓ Be reasonable given the nature and complexity of the project;

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- ✓ Reconcile with the individual's other responsibilities, including other sponsored project commitments, teaching, service, administration, and – where applicable – clinical activities, both current and pending;
 - ✓ Not be inflated beyond what is reasonably required in order to create the most “attractive” proposal;
 - ✓ Be consistently reflected on the OSR proposal routing form and Other Support documentation in a proposal. The effort commitment in the proposal budget/budget justification should match the effort that appears on the OSR proposal routing form as well as the commitment outlined in the Other Support or Current and Pending Support section of the proposal; and
 - ✓ Be accompanied by a request for a commensurate amount of salary funding, to the extent accepted by the sponsor (see Policy #4).
- f) Whether the associated salary is requested and funded or it is cost shared, the awarded effort is a commitment made to the sponsor that must be met and documented via certification. It is a Federal requirement that the sponsor be notified in advance if PI/key personnel will withdraw from the project entirely, be absent from the project during any continuous period of 3 months or more, or reduce effort by 25% or more from the level that was approved at the time of award. Specific funding agency guidelines should be consulted for additional guidance on sponsors' expectations with respect to changes in effort.
- g) Unless otherwise communicated to the sponsor, the effort commitment percentage during a no-cost extension period is assumed to be consistent with the commitment for the immediately preceding budget period. If faculty expect effort to be reduced during the no-cost extension period by 25% or more from the level approved at the time of award, the sponsor should be notified at the time the no-cost extension is requested.
- h) At any given time, the sum of a faculty member's effort percentage commitments on active sponsored projects, teaching, service, administration, and – where applicable – clinical activities cannot exceed 100%. It is understood that the sum of active percentage commitments + *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 the total effort percentage does not exceed 100% in any given period.
- i) For physician-researchers, the effort expended on certain types of sponsored clinical research programs, including clinical trials, is often difficult to distinguish from the effort involved in providing patient care. Northwestern sponsors should not be asked to fund and/or are charged for costs associated with effort (especially salary) that also will be/have been recovered from sources of patient care reimbursement (namely, patients and/or Medicare/Medicaid/third party insurers), and vice versa. By extension, effort on Northwestern clinical research projects must be proposed/certified consistently with the way that the associated salary will be/has been recovered.
- j) Schools and/or departments/divisions should establish maximum percentages that faculty may commit to active sponsored programs. The established maximum should acknowledge proposal preparation, service as chair/assistant chair/director, and service on department/school/University committees (all of which are to be classified as administration). Teaching and other non-sponsored activities must also be acknowledged. As a result, there are very few instances in which an individual can justifiably be 100% committed to sponsored programs.

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3. Institutional stance on voluntary cost sharing

Policy Statement

Northwestern University does not typically cost share on a voluntary basis, consistent with its objective of maximizing sponsor cost reimbursement to support the continued growth of the research enterprise. A voluntary cost sharing commitment should be made only where the competitive forces and perceived institutional benefit of receiving the award are deemed to be sufficiently strong to warrant the commitment.

Policy Rationale

When a sponsor is not asked to fund and/or is not charged for a cost that specifically benefits a project, cost sharing occurs. Voluntary cost sharing occurs when a PI includes cost sharing in a proposal, or cost shares in the execution of the project, when the sponsor does not require it as an award condition.

The rationale behind this series of policies (#3-#5) is the promotion of strategic decision-making in committing the University to fund costs related to externally-sponsored projects. It is the University's objective to obtain maximum cost reimbursement from its sponsors; achieving this significantly enhances the University's ability to continue to grow the research enterprise. This policy serves as the foundation for policies #4 and #5.

Related Guidelines and Procedures

- a) The department chair and, for many schools, the Dean's office reviews and endorses proposals for submission. These reviews should include assessment of conformance with this policy. The signature of the department chair and/or Dean on a proposal indicates that the chair/Dean have approved any voluntary commitment to cost share after evaluating the rationale for the cost sharing.
- b) When an award is made that includes a cost sharing commitment (whether voluntary or mandatory), this commitment must be met and documented through proper recognition of cost shared-expenses in the accounting system and, for cost-shared salary, through appropriate certification of effort on the effort certification reports.

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4. *Expectation for extramural funding of faculty academic year salary*

Policy Statement

If faculty expect to expend effort on sponsored projects during the academic year, a proportionate amount of academic year faculty salary should be requested from sponsors (to the extent that this is consistent with sponsor practice).

Policy Rationale

This policy is highly correlated to Policy #3, as faculty academic year salary is the primary form of voluntary cost sharing.

Maximized research cost recovery on sponsored projects, in the form of direct costs but also the associated indirect (or F&A) costs, is vital to the continued growth of the University's research enterprise. With the OMB-driven requirement for effort commitments on most sponsored projects (see Policy #2), this policy takes on increased importance in minimizing the cost sharing of committed faculty effort. It is important that PIs request salary support in conjunction with their commitments of effort; otherwise, the University forfeits recovery of a significant portion of both direct and indirect research costs.

Related Guidelines and Procedures

- a) 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, although actual salary should be indicated in the budget justification, consistent with federal requirements and to allow for increased funding in the event that the limitation is raised. Salary in excess of the NIH/other sponsor cap must be recognized as cost sharing in proportion to the percent effort committed to the project.
- b) Request for summer salary from a sponsor equates to an effort commitment beyond the regular appointment period (i.e., summer effort). From a sponsor's perspective, charging summer or research quarter salary to one or more sponsored projects implies that a commensurate amount of effort was expended on those projects during that period. OMB Circular A-21, Section J.10 defines summer salary as "charges for work performed by faculty members on sponsored agreements *during the summer months or other period not included in the base salary period*" (emphasis added). Summer salary is intended to fund activity only during the summer or research period, and not activity during the academic year.
- c) The department chair and, for many schools, the Dean's office reviews and endorses proposals for submission. These reviews should include an assessment of conformance with this policy. The signature of the department chair and/or Dean on a proposal indicates that the chair/Dean have approved any voluntary commitment to cost share faculty academic year salary, after evaluating the rationale for the cost sharing.

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5. *Reduction of effort commitments when awarded budget is less than proposed*

Policy Statement

When an awarded budget reflects a reduction from the proposed budget, an evaluation by the PI must occur to determine the impact on effort commitments. Generally, a budget reduction of 25% or more from the proposed budget indicates that a proportional reduction in the effort commitment is appropriate, along with a reduced project scope. This is consistent with the University's policy regarding voluntary cost sharing. Sponsors will be notified, as appropriate, of a reduction in the formal effort commitments at the time of award.

Policy Rationale

Unless otherwise notified, sponsors expect PIs (and other key personnel) to provide the level of effort outlined in proposal budgets, even when the amount funded is less than requested. At the time of award, PIs must evaluate how the project will be conducted with less funding, including the impact on effort commitments. 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 that a corresponding reduction in effort commitments is appropriate. As required, sponsors will be notified of reductions in effort commitments of 25% or more from proposed effort.

Related Guidelines and Procedures

- a) 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. The PI is responsible for determining whether:
 1. The effort commitments will be reduced proportionately, and a corresponding notification 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
 2. The original effort commitments and salary support will be retained, and other budget categories can be reduced/eliminated such that voluntary cost sharing, beyond that which may have already been approved, does not occur; or
 3. Neither the effort commitments nor other budget categories can be reduced/eliminated. In these instances, the resulting voluntary cost sharing must be explicitly approved by the chair/Dean.
- b) A consistent practice of not reducing effort commitments and salary and/or other budget categories when funding is reduced could result in a perception by sponsors that Northwestern's budgets may be regularly overstated.
- c) It is the practice of the National Science Foundation (NSF) to request a scope reduction when budgets are reduced by 10% or more – therefore, evaluations by the PI of the impact on effort commitments should be performed on NSF awards that are reduced by 10% or more.

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6. *Prospective establishment of salary distribution on sponsored project/cost sharing accounts*

Policy Statement

Salary distribution should begin on sponsored projects and/or cost sharing accounts as soon as the project is awarded, and concurrently with actual project effort.

Policy Rationale

Faculty (and other project personnel) salary should be charged to sponsored accounts (or associated cost sharing accounts) during the period in which the individuals are expending effort on the project. The volume of retroactive salary cost transfers should be minimized; higher transfer volumes may call into question the appropriateness of the University's charging practices.

Related Guidelines and Procedures

- a) It is the general expectation that sponsored project accounts will be established when awards are received. In addition, the necessary payroll transactions will be processed to ensure the appropriate proportion of salary begins to be funded from these corresponding accounts as soon as actual work commences. To the extent that the award documents have not yet been received, but the work is commencing, a pre-spending account should be established to which salary (and other associated costs) should be charged.
- b) This policy applies to all forms of sponsored project activity, including industry-sponsored clinical trials. Salaries corresponding to the actual effort of PIs, nurse coordinators, and other personnel on industry-sponsored clinical trials should be charged to the designated sponsored project accounts (or pre-spending accounts) as that effort occurs (and never more than 90 days after the actual effort).
- c) The prospective establishment of salary on Northwestern's sponsored and/or cost sharing accounts is especially critical for faculty who hold both NU and NMFF appointments. The need for retroactive transfers of salary funding between NU and NMFF accounts must be avoided because of the significant benefit issues that are created.
- d) Specific procedures for establishing and maintaining salary distribution prospectively are as follows:
 - 1) Prior to *academic year* effort being expended, a Position Data/Appointment form should be completed, or funding percentage changes should be entered directly into FASIS, or a Salary Distribution Adjustment (SDA) form should be completed. Within FSM, an SDA must be used to charge salary equating to more than 75% effort in any given month for 9-month faculty and more than 90% effort in any given month for 11-month faculty.
 - 2) Prior to *summer/research period* effort being expended, an Additional Pay Request for Summer Salary form should be completed.
 - 3) A pre-spending sponsored project account should be established to accept salary charges if the award has not yet been received.
 - 4) Retroactive transfers of salary between NMFF and NU (either direction) are not allowed.
 - 5) Payroll distribution corrections must be made within 90 days of the effort having been expended.

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7. *Summer effort and salary for faculty with 9-and 11-month appointments*

Policy Statement

Faculty with 9-month appointments are permitted to expend up to an additional three months of effort on one or more sponsored projects in the period beyond their appointments (i.e., the summer/research quarter) and earn up to three months of additional salary for that effort. Faculty with 11-month appointments may expend up to an additional one month of effort and earn up to one month of additional salary. The following policy statements apply to summer or research quarter/month effort and associated salary for faculty with 9 and 11-month appointments:

- 1) For purposes of committing, expending, and certifying effort, and charging the related additional salary for activity outside the appointment period, the expectation for activity in a summer/research period is consistent with the expectation for activity in a commensurate academic period.
- 2) To the extent it is required, effort certification for the period beyond the appointment should reflect only the activity for which the faculty member is responsible and earning salary in that period. For most faculty, summer/research period activity represents effort and salary *on sponsored projects only*.
- 3) Faculty who receive summer salary from sponsored projects must be prepared to certify that effort was expended on those projects during the summer/research period in at least the same proportion as the summer salary charged to those projects. Effort expended during the academic year does not satisfy a commitment related to the receipt of summer salary.

Policy Rationale

- 1) In stipulating the periods during the academic calendar when a faculty member is expected to be engaged in University activity, the Faculty Handbook implicitly defines an average number of workdays that constitute an academic month/quarter during the faculty member's appointment period(s) (academic year). It is reasonable that the expectation for activity in a summer period is consistent with the expectation for activity in a commensurate academic period.
- 2) During a faculty member's appointment period(s), 100% effort and the salary associated with the appointment(s) encompass the effort required to meet the full complement, in varying proportions, of faculty obligations as described in the Northwestern University Faculty Handbook: namely, teaching, research, service, and administration. When a faculty member elects to expend effort on sponsored project activity during the period beyond the appointment term, he/she has no other obligations to perform University responsibilities other than the sponsored project work for which he/she is being paid. This policy assumes that any non-sponsored activities related to the academic year appointment undertaken during the summer have no impact on the faculty member's ability to meet their commitments to sponsors during the summer months (as defined above). These non-sponsored activities should not be included in the summer effort certification.
- 3) From a sponsor's perspective, charging summer or research quarter salary to one or more sponsored projects implies that a commensurate amount of effort was expended on those projects during that period. Summer salary is intended to fund activity during the summer or research quarter months, and not activity during the academic year.

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Related Guidelines and Procedures

- a) To the extent that faculty receive summer salary, expectations for effort during the summer are consistent with effort expectations during the academic year. For purposes of fulfilling this expectation (e.g., number of workdays) for summer activity, the definition of a workday in the summer is consistent with the definition of a workday during the academic year. That is, faculty serving as investigators or key personnel on sponsored projects must be actively engaged and contributing to the project, consistent with their roles (e.g., PIs must maintain active project control), although they may be away from Northwestern for periods of time and still performing in these capacities.
- b) One method of defining consistency between summer and academic periods is to determine the average work schedule for a given faculty member during the academic year and apply that schedule to the summer. For example, during fiscal/academic year 2003/2004, an average academic quarter consisted of 57 weekdays. For a faculty member who typically works on weekdays, the minimum expectation for the full three months of the summer 2004 quarter would be 57 weekdays. Summer effort and salary requests are typically outlined for sponsors in terms of months; the minimum expectation for a summer month in this instance would therefore be an average 19 (57/3) weekdays per month requested. Any actual number of days in a summer month/quarter beyond that in summer 2004 could be used for personal/unpaid activities.
- c) The Faculty Handbook allows time off for holidays during the academic year. This allowance also extends into the summer months (i.e., Independence Day and Labor Day).
- d) Conducting additional sponsored project work in the period beyond the appointment and earning up to an additional three (or one) month(s) salary is a voluntary matter for each faculty member; it is not required. Further, faculty may choose to work and earn additional salary for up to 3 months, and entire months do not have to be requested or charged. For example, a faculty member with a 9-month appointment may choose to work and earn the equivalent of 2.5 summer months, affording him/her additional time for personal activities. Sponsored projects may not be charged salary for personal time taken beyond what may be available by the defined summer month/quarter.
- e) As is the case during the academic year, faculty are responsible for ensuring that the effort commitment related to salary received is met during the reporting period, or quarter (e.g., if 25% of a faculty member's salary is charged to a grant during a quarter, effort on that grant should average 25% across that quarter). Effort related to the receipt of summer salary must be performed within the summer period; effort performed during the academic year prior to or after the summer does not count toward summer period effort commitments.
- f) The period for which summer salary is received becomes the basis for effort certification for the summer period. For example, if two months' summer salary is received, certification should reflect only activity expended during those two months (and activity performed in the third summer month, during which there was no pay or activity, should not be included in the certification).
- g) While reasonable personal time off may be taken during the summer/research quarter consistent with the guidance provided elsewhere in this policy statement, it is not appropriate to concentrate significant time off during a period for which the faculty member is receiving summer/research period salary. For example, taking a three-week vacation during July when the faculty member is 100% funded by an external sponsor would not be considered appropriate.

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- h) If non-sponsored activities related to the faculty member's appointment are performed outside of the appointment period, they should not interfere with or reduce the faculty member's ability to expend summer effort on sponsored projects, as committed to sponsors and for which he/she is earning summer salary. If the effort associated with any such non-sponsored activities could not reasonably be conducted along with sponsored commitments, the faculty member has an obligation to adjust, and likely decrease, summer commitments and salary on sponsored projects.
- i) Special care should be given to summer effort and pay for faculty members who have specific administrative appointments and responsibilities (e.g., department chairs). In no instances is it appropriate to receive reimbursement from sponsors for pay associated with administrative effort. Accordingly, if these faculty members' administrative appointments are year-round (12-month) obligations, such individuals cannot commit summer effort associated with their administrative responsibilities to sponsored projects, nor can they request reimbursement from or charge sponsors for pay associated with their administrative appointments. In addition, the pay rate associated with an administrative appointment should be consistent with the faculty member's regular (professorial) pay rate so that sponsors are not subsidizing effort associated with administrative responsibilities. Regardless of whether or not faculty with administrative appointments expend summer effort and earn summer salary on sponsored projects, they must complete effort certifications for the summer period. At a minimum, the summer certifications must reflect the effort expended on the administrative appointment activity.
- j) Unless an agreement that establishes a lesser pay rate has been reached, additional salary earned for work beyond the appointment period should be based on the appointment period (academic year [AY]) salary rate. Under no circumstances can the summer salary rate exceed the AY salary rate.
- k) 9- and 11-month faculty earning more than the applicable NIH salary cap rate in the summer can only charge salary to projects sponsored by the Department of Health and Human Safety based on the applicable NIH cap amount. The balance of the summer salary normally should be funded, as cost sharing, from non-sponsored sources. In exceptional circumstances, with explicit approval from both the federal and the non-federal sponsors, a non-federal sponsored source may be used to fund salary cost sharing.
- l) In order to appropriately request from a sponsor and to appropriately charge to a sponsored project summer salary at the AY rate, the summer effort must be consistent with a full-time schedule (comparable to the AY schedule), as defined by each faculty member (but no less than 40 hours and reasonably no more than 80 hours per week). If summer effort is less than full-time, the summer salary rate should be adjusted accordingly.
- m) Faculty on 9- (or 11-) month appointments have a maximum of three (or one) summer months of effort to commit to sponsors. If more than 3 (or 1) months of summer effort is committed across a faculty member's awarded sponsored projects, then either one or more of the sponsors must be notified that a summer commitment cannot be met, or the commitment must be met alternatively by expending an equivalent amount of effort during the academic year (provided the faculty member has the capacity during the academic year to do so). If the latter approach is taken, then a commensurate amount of academic year salary - not summer salary - should be charged to the project(s), to the extent permitted by the sponsor(s). If the sponsor does not allow academic year salary expense, academic year effort should be contributed to the project. Such cost sharing should be approved in the same manner as other cost sharing commitments (i.e., by the chair/Dean), and funded by non-sponsored sources. To manage total effort commitments

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within 100% (whether summer or academic year), the faculty member may also request sponsor approval to adjust his/her effort commitment downward. Generally, sponsor approval is required when key personnel effort permanently decreases by 25% or more from the awarded level. Specific funding agency guidelines should be consulted for additional guidance on sponsors' expectations with respect to changes in effort.

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8. *Retroactive salary adjustments*

Policy Statement

Retroactive salary adjustments are highly discouraged for periods for which effort has already been certified. Letters providing detailed explanation, signed by the principal investigator, continue to be required for any retroactive adjustments more than 90 days past the date of initial charge. Retroactive salary adjustments seeking to place costs onto sponsored projects will not be processed if the requested adjustment is more than one year after the date of the initial charge.

Policy Rationale

This policy is closely correlated to policy #6, which states that faculty (and other sponsored project personnel) salary should be charged to sponsored accounts (or associated cost sharing accounts) during the period in which effort is expended on the project. Once effort has been certified for a given period, requesting a retroactive salary adjustment for that period calls into question the reliability of the certification process. When retroactive salary adjustments are necessary, twelve months is considered more than ample time for the necessity of a correction to be identified. Investigators, supported by their department administrators, should be reviewing sponsored project budget statements and payroll expense distribution reports regularly to identify errors. Similar reviews should be occurring as part of quarterly effort certification; effort reports should be completed and signed after salary charges have been reviewed and any corrections identified.

Related Guidelines and Procedures

- a) Retroactive salary adjustments seeking to *remove* salary charges from sponsored project accounts are not bound by a time limit, although they should be identified on a timely basis, and require an explanatory letter when they are 90 days past the date of the original charge.

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9. *Faculty certification of effort reports*

Policy Statement

Faculty are required to certify their own effort reports, and also are required to certify the effort reports of their research staff working on their sponsored projects (graduate students, postdoctoral fellows, and other similar persons).

Policy Rationale

OMB Circular A-21, Section J.10 requires that activity reports be signed by “the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed.” While this statement does not explicitly require personal certification, experience (including the Department of Justice investigation of Northwestern University) has shown that, in practice, it is only the principal investigator him/herself who possesses the necessary extent of knowledge regarding actual activity.

With regard to staff, graduate students, and postdoctoral fellows on sponsored projects, in nearly all instances, the PI has the most knowledge of the specific projects on which they are working.

Related Guidelines and Procedures

- a) It is appropriate for administrators to assist faculty in the completion of their effort reports. Therefore, the administrator may complete the effort report in draft format. However, the faculty member must certify the final percentages and provide his/her signature (or, in the electronic system, log-in and password) as the “certifier” (the administrator may be considered the “completer/preparer”).
- b) It is recognized that graduate students often have dual roles: as students learning in classroom and other settings, and as assistants participating in research projects or providing teaching services. In order to determine what effort should be certified for a graduate student, special consideration must be given as follows:
 1. Only those activities for which the graduate student receives research assistant pay for non-educational work activities should be considered for the purpose of certifying effort. In most instances, it will only include activities related to a graduate student’s work as a research assistant. From a sponsor’s perspective, charging work to one or more sponsored projects indicates that a commensurate amount of effort is expected to be expended on those projects during that period. If the level of effort is changed, the research assistant earned pay or compensation must be adjusted accordingly. The individual’s rate of pay should remain consistent when having the same workload for that fiscal year.
 2. Educational activities (e.g., teaching assistant service, trainee appointment on training grants, or fellowship activities) are not considered for the purpose of certifying effort. These educational activities are typically required as a component of the student’s degree program, and are not considered compensable work activities.
 3. The Research Assistant Scholarship (RAS) is a program of support for graduate students who are paid as research assistants on sponsored projects or non-sponsored funds. For RAS program instructions, refer to the forms on The Graduate School (TGS) website: <http://www.tgs.northwestern.edu/faculty-and-staff/forms-for-staff/>.

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10. Training for faculty and administrators on effort reporting

Policy Statement

All faculty and staff involved in the effort reporting process are expected to receive appropriate levels of effort reporting training.

Policy Rationale

As the policies, procedures, and forms related to the effort reporting process are clarified and modified, training is critical to ensure adequate understanding and compliance.

Related Guidelines and Procedures

- a) Training will be mandatory for both faculty and administrators involved in research and research administration. Training sessions will be available in a variety of formats so that they can be tailored as appropriate, especially for faculty (e.g., one-on-one training sessions, classroom settings, computer-based training, or other methods).