

University of Southern California
Effort Reporting Guidance
Updated on: August 7, 2017

This document answers Frequently Asked Questions on effort reporting topics, followed by examples. The key points below are explained in more detail in the body of the document.

KEY POINTS

Effort is not calculated based on a 40-hour workweek, or any other number of hours a week. Instead, for a full-time employee, it is based on 100 percent of effort for USC.

Principal investigators (PIs) and other project personnel (including co-PIs, investigators, key personnel and other project staff) are expected to charge salaries to the sponsored project according to the effort actually expended, and never above the actual effort. If salaries are above the National Institutes of Health (NIH) cap, the overage must be charged to an unrestricted institutional account.

Institutional base salary (IBS) is the total guaranteed USC salary set in advance by the provost for the year (including core salary, supplemental salary, administrative stipend and fixed clinical salary, but excluding incentive payments or bonuses) that is paid to a faculty or staff employee for Institutional Effort (including teaching, research, administration, service and patient care activities, but excluding overload teaching.)

Principle investigators may not offer a cost-share commitment on their own, even if they think it is desirable to free up funds for other project costs. They would in effect be charging the department or school budget for effort they are devoting to the sponsor's work, as well as impacting USC's rate for recovery of indirect costs. Dean's prior approval is required for any cost-sharing commitments.

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Frequently Asked Questions

Basics of Effort Reporting

Why do I need to report and certify my effort?

Effort reporting is required, not just by USC policy but also by the federal government, under 2 CFR 200 Subpart E¹ (formerly A-21 - Cost Principles for Educational Institutions). Effort certification demonstrates that salary charged to a sponsored project reasonably reflects effort performed on the project for the time period being certified.

Effort certification is a way for the government and other sponsors to verify that salaries charged to a project are for work done on that project.

Effort certification is required for every employee who receives a portion of his or her salary from a sponsored project or cost sharing account. You share in USC's responsibility to report effort accurately and in a timely manner¹ [as do other faculty and staff](#). Inaccurate effort reporting or failure to comply with effort reporting policy may result in:

- financial penalties
- expense disallowances
- damage to USC's reputation
- damage to your own reputation

Late effort reports may result in a spending freeze on the associated grant or contract.

Following the frequently asked questions about effort reporting are several examples of faculty effort profiles and how to certify them accurately. For detailed instructions on how to use eCert, the university's online effort certification system, please consult the procedure manual posted at <http://fbs.usc.edu/depts/ofa/page/4118/policies/>.

Who needs to certify effort?

All effort on grant, contract or cost-share accounts needs to be certified. All faculty and exempt staff are required to certify their own effort in eCert, USC's online effort reporting system.² The principal investigator (PI) is responsible for certifying the effort of his or her graduate research assistants. In certain cases, the PI can assign a delegate to approve graduate research assistant effort. Nonexempt, or hourly, staff and hourly faculty effort is certified biweekly through the university's time-keeping systems.

<http://www.ecfr.gov/cgi-bin/text-idx?>

SID=704835d27377ef5213a51c149de40cab&node=2:1.1.2.2.1&rgn=div5#sp2.1.200.e

¹ In limited cases, the Office of Financial Analysis has approved the use of an alternative effort reporting system to certify USC institutional effort.

What does it mean to be a person with “suitable means of verification” for effort reporting purposes?

At USC, all faculty and exempt staff must certify their own effort. Since they performed the work, they are the most qualified to certify for themselves⁴. For graduate research assistants, the principal investigator is the person with “suitable means of verification,” as he or she oversees the project. The principal investigator may delegate the responsibility to certify for the graduate research assistants *only* to another researcher on the project who works with the student. Responsibility may not be delegated to an administrator unless he or she has direct knowledge of the work being performed.

Can my administrative assistant or department business officer certify for me?

No. You are the certifier and must certify your own effort. This is because you possess both direct technical knowledge of the project you are certifying and suitable means of verification that the work was performed. Administrative assistants or department business officers are not expected to have direct technical knowledge of the work being performed.

What are the penalties for not certifying my effort or falsely certifying my effort?

Inaccurate effort reporting or failure to comply with USC effort reporting policy may result in financial penalties, expense disallowances and damage to USC’s reputation or yours. Late effort reports, monitored through reporting in eCert, may result in a spending freeze on the associated grant or contract.

This may also result in disciplinary action for faculty, subject to the policies in the Faculty Handbook³, and for staff, subject to the review of the associate senior vice president for Administrative Operations.

When is effort certified for 12-month faculty and exempt staff effort?

Twelve-month faculty and exempt staff certify their effort after each quarter, [as described below](#). Certification is based on the average effort over the quarter.

- [First Quarter \(Q01\) runs from July through September](#)
- [Second Quarter \(Q02\) runs from October through December](#)
- [Third Quarter \(Q03\) runs from January through March](#)
- [Fourth Quarter \(Q04\) runs from April through June](#)

When is effort certified for nine-month faculty and graduate research assistants?

Nine-month faculty will certify their effort after each semester [as follows](#):

- [Fall Semester \(S01\) runs from August 16 to December 31.](#)
- [Spring Semester \(S02\) runs from January 1 to May 15.](#)

³ <http://policies.usc.edu/facultyhandbook/>

⁴ Under exceptional cases, such as employee terminations, approved leaves, other circumstances where employee cannot certify for him/herself, OFA will approve a suitable delegate to certify on their behalf.

If the faculty member has summer research supplement funding, then the Summer Semester must also be certified. Graduate research assistant effort must be certified on the same schedule. Certification is based on the average effort over the semester.

- Summer Semester (S03) runs for three months, from May 16 to August 15.

Types of Effort and Salary

What is Institutional Effort?

Institutional effort is the total time spent by a faculty or exempt staff member on university activities. This includes teaching, research, patient care, service and administrative duties. university responsibilities are reflected in and required by the individual's appointment letter, contract or job description with the university.

Institutional effort also includes research and clinical activities paid for or managed by the Health Research Association, USC Care Medical Group, Inc. and medical directorships.

Institutional effort does not include time devoted to activities compensated directly by LAC+USC Medical Center (MSOA) (i.e., direct county-paid employees), Children's Hospital Medical Group (CHMG), USC Roski Eye Institute or USC Alfred Mann Institute.

What is institutional base salary?

Institutional base salary (IBS) is the total guaranteed USC salary set in advance by the provost for the year (including core salary, supplemental salary, administrative stipend and fixed clinical salary, but excluding incentive payments or bonuses) that is paid to a faculty or staff employee for Institutional Effort (including teaching, research, administration, service and patient care activities, but excluding overload teaching.)

IBS includes core salary and supplemental salary. Your USC core salary is included no matter the ultimate source of the funds (MSOA, CHMG (re-billable), sponsored projects or other USC funding sources). Supplemental salary includes stipends, fixed clinical salary and other USC supplementary salary — providing that it is set in advance, awarded according to university policy and consistently applied. These can include administrative stipends and clinical supplements.

Please note that a faculty member's institutional base salary often is not the same as his/her total compensation. This is because IBS does not include certain money you receive from USC, including:

- clinical incentives (usually paid quarterly)
- clinical bonuses (usually paid annually)
- teaching overloads
- summer pay administrative stipends for nine-month faculty
- summer research supplements for nine-month faculty
- bonuses that are not set in advance and part of regular salary commitment
- housing subsidies
- education loan repayments

Institutional base salary (IBS) also excludes any income you may earn outside of your duties to USC and any income that is outside of institutional effort. For example:

- external consulting
- direct pay from LAC+USC Medical Center
- pay from USC Roski Eye Institute
- pay from Children's Hospital Medical Group

A faculty member's offer letter or continuing appointment letter should reflect his or her IBS for the current fiscal year.

Why is IBS important for effort reporting?

IBS is the salary that a grantee includes in its NIH and other grant proposal budgets, and the salary that is allocated to federal grants through the university's payroll allocation and effort reporting systems. In general, federal sponsors require that IBS be paid by the grantee itself.

IBS is the basis for determining how much salary should be charged to grants and contracts. For example, if an individual proposes to devote 10 percent of his or her effort to the project, 10 percent of his or her IBS should be budgeted (if there is no cost sharing approved by the dean, and if the person is under the NIH cap).

Salary is charged to the grant or contract based on a good faith estimate of effort actually expended, unless the NIH cap is involved. The salary charged, as a percentage of IBS, then is the same as the percent of effort for effort certification. The effort charged can never exceed the effort devoted to a sponsored project.

For example, if you charge \$10,000 of salary to a grant over the year and have an annual IBS of \$100,000, that is a certification that your annual effort to the grant is 10 percent of your institutional effort. At USC, certification is done more often than once a year, usually on a quarterly or semester basis, so actual certification percentages are based on salary charged for the certification period and a pro-rated IBS.

What is included in the Other Institutional Effort category in eCert?

Effort for teaching, administration, service and patient care is included in the Other Institutional Effort category.

This category also includes:

- medical directorships
- any Voluntary Uncommitted Cost-Share effort
- USC Care Medical Group effort

Non-IBS effort, with the exception of summer research funding for nine-month faculty, is *not* included in this category and does not have to be certified. Summer research supplements for nine-month faculty **must** be certified even though they are not included in IBS.

Is effort calculated based on a 40-hour workweek?

Effort is *not* calculated based on a 40-hour workweek or any other number of hours a week. Instead, for a full-time employee, it is based on 100 percent of effort for USC.

Do part-time employees certify to less than 100 percent effort?

No, they certify to 100 percent effort as well, even if their appointment level is less than 100 percent. They are certifying USC effort, not some percentage of the total week.

For example, an employee with a 60 percent appointment split evenly between two grants would certify to 50 percent of USC effort on one grant and 50 percent of USC effort on the other grant for a total of 100 percent effort.

My administrative appointment is at-will and subject to termination with a 90-day notice. Does that affect my IBS?

No. The administrative stipend is still considered part of the IBS for proposing and charging effort, even if the appointment can be terminated. In the event that an appointment is terminated, increased, reduced or revised, then the IBS should be adjusted at that time.

Cost Sharing

What is cost sharing?

Cost sharing is defined as the portion of project or program costs not borne by the sponsor. Cost sharing occurs whenever any portion of project costs is provided at USC's expense rather than at the expense of the sponsor. For example, a sponsor may award \$400,000 for research and the school may pledge to contribute \$50,000 to buy a piece of equipment needed for the research.

What are the different types of cost sharing?

Mandatory cost sharing is required by the sponsor as a condition of the award and is quantified in the proposal.

Voluntary committed cost sharing (VCCS) is not required by the sponsor but is quantified in the proposal. For example, if an investigator proposes to devote 35 percent effort to a project but only requests 25 percent salary support, the additional 10 percent effort that will be supported by USC is VCCS. This must have prior approval by the dean.

VCCS also can develop during an award period. For example, if an investigator proposes, receives and devotes 35 percent effort to the project, but only charges the project for 10 percent effort, the additional 25 percent effort not charged to the sponsor but supported by USC is VCCS.

You may not offer a cost-share commitment on your own, even if you think it is desirable to free up funds for other project costs. You would in effect be charging the department or school budget for effort you are devoting to the sponsor's work, as well as impacting USC's rate for recovery of indirect costs. A dean or vice president's prior approval is required.

Voluntary uncommitted cost sharing (VUCS) is not initially promised in the proposal or otherwise indicated. For example, if an investigator proposes and charges 25 percent effort but the investigator actually devotes 35 percent effort, the additional 10 percent effort that was not originally promised is VUCS. VUCS must be supported by unrestricted or appropriate gift sources and may not be attributed to another sponsored project.

The significance of the distinction between the two types of voluntary cost sharing is that VUCS is **not** included in the university's organized research base for computing the indirect cost rate while VCCS is included.

Who needs to approve cost sharing and how is it tracked?

Mandatory or VCCS must be identified and approved in writing or via the Kualu Financial Systems-KC approval system by the dean of the relevant school(s) or unit(s) or their authorized designee, prior to submission to the Department of Contracts and Grants.

Both mandatory and VCCS must be charged to companion cost sharing accounts and any cost-shared effort of these types must be certified. This is to demonstrate to sponsors that cost-sharing commitments have been fulfilled.

What if I charge the sponsor a different percentage of my effort than I proposed or that I actually performed?

You should charge according to actual effort. However actual effort can be different than what was originally proposed, and can be reduced. A large, usually more than 25 percent, reduction in effort performed from effort committed requires prior approval from most sponsors. Keep in mind that limits vary by sponsor and that the reduction applies to the average effort over the life of the grant.

You may never charge more than actual effort and, if your effort is reduced, the salary charge must be reduced.

Certification

What if I want to certify less effort than I actually spent on a sponsored project?

PIs and other project personnel (including co-PIs, investigators, key personnel and other project staff) are expected to charge salaries to the sponsored project according to the effort actually expended. **It is never acceptable to certify a larger effort than the effort actually expended.**

Can I transfer charges for previously certified effort to a new project?

No, once effort is certified the salary costs cannot be transferred to a different project. Salary expense transfers, and cost transfers in general, are always closely scrutinized by auditors. Too many transfers can indicate poor grants management. By certifying effort, you are stating the percentage of salary that should be charged to a project. There is no suitable justification to change this at a later date.

My effort fluctuates from week to week and month to month. How does this affect my effort certification?

When you certify effort for a period, either a semester or a quarter, you are certifying to your *average* effort over the period. Therefore, as long as the percentage of salary charged over the period equals your average effort, no salary changes are required.

For example, if you charge 25 percent of your salary to research over a three-month quarter, you can spend 25 percent of your time on research the first month, 20 percent of your time on research the second month and 30 percent of your time on research the last month. Since the average of your effort equals 25 percent over the quarter, salary transfers to correct each month are not required.

Similarly, if you expend your effort as above but charge 25 percent the first month, 20 percent the second month, and 30 percent the third month, you would certify to 25 percent effort for the quarter.

How do I account for effort spent on proposal preparation?

Activity for proposal preparation for new and competing renewals cannot be charged to a sponsored project. An appropriate percentage for proposal preparation, which can fluctuate based on activity, must be charged to a non-sponsored account and certified as “All Other Institutional Effort” in eCert. Effort spent on non-competing continuations (progress reports) may be charged, and certified, to the project for which it is being done.

When I certify effort for research assistants, do I also certify their tuition remission?

Yes, since tuition remission for RAs can be charged in proportion to his or her payroll allocation, by confirming the RAs effort and salary on a grant you will be confirming the charges for tuition remission to that grant as well.

Charging Effort

Is it appropriate to charge 100 percent of my salary to sponsored projects?

It is generally not permitted for faculty members to allocate to sponsored projects 100 percent, or virtually 100 percent, of their total university effort. (See below for certain exceptions.) Please note especially that proposal writing is not allowable effort on current sponsored projects. Some effort should be allocated (paid by the school, institute or department) for proposal writing, service and miscellaneous work.

In exceptional cases in which a faculty member in fact is dedicated solely to sponsored projects — with no teaching, administrative or other university duties or

activities, and no proposal writing — the case must be reviewed and approved by the Office of Financial Analysis before 100 percent effort may be allocated to sponsored projects.

If a faculty member is engaged in any other university activities besides research, a corresponding portion of his or her salary must be charged to a non-sponsored university account. In most cases a 100 percent allocation is inappropriate.

Can I charge vacation or sick leave to a sponsored project?

All employees are subject to university and sponsor leave policies. Faculty on academic-year contracts do not accrue vacation, so they cannot take vacation while being paid from sponsored projects. Faculty on fiscal-year contracts are eligible for vacation and may charge vacation time to sponsored projects providing all university activities are charged equitably. For example, a faculty member paid 10 percent on a grant over the fiscal year could charge 10 percent of his or her vacation time to that grant. Sick leave for faculty follows the same principle, again subject to sponsor policies.

Staff employees should only charge vacation and sick leave to a sponsored project if they accrued it while working on that sponsored project. For example, if a staff employee earning one vacation and one sick day per month worked on a project for two months, that individual could take the days earned in the first month during the second month. It is recommended that staff and faculty use the leave accrued on the project while the project is still active. In the event that an employee terminates and the project he or she accrued leave on is no longer active, any unused leave must be charged to a university account.

Extended leaves may not be charged to sponsored projects. In certain cases, extended leave may require sponsor approval. Above all, any vacation or sick leave charges to sponsored projects must be done consistently with how vacation and leaves are charged to unrestricted accounts, and the treatment must be fair and equitable.

My activities include intra-university (or interdepartmental) consulting. How does this affect my pay and effort?

Consulting between schools is part of your normal university duties and, as such, is included in your institutional base salary. This type of activity is not considered an overload activity and cannot result in overload payments.

I have received a no-cost extension to complete my research. How does this affect my pay and effort?

In this situation, any original effort commitments remain in effect, so committed effort must be performed. However, as the project is winding down, effort may be reduced. A large reduction of effort, usually more than 25 percent from effort committed, requires prior approval from most sponsors.

NIH Salary Cap, K Award and Clinical Activity

What is the NIH salary cap?

The NIH salary cap is the maximum amount of salary that can be charged to an NIH award. The salary cap does not limit total USC compensation but only the portion of compensation that is charged to the award. It assumes a 12-month, full-time contract so, if your appointment level or contract period is anything less, the amount must be prorated.

The difference between the percentage of total salary and the allowable salary must be charged to an unrestricted institutional account. Since this overage cannot be charged to an NIH grant, it cannot be used to meet any cost-sharing commitments.

As an example, if a faculty member is paid over the salary cap and is providing 10 percent of his or her effort on an NIH award, 10 percent of the capped amount for the corresponding time period can be charged.

| | |
|----------------------|-----------|
| Faculty Salary: | \$250,000 |
| NIH Cap: | \$196,700 |
| Effort on NIH grant: | 10% |

Maximum salary charge to NIH grant = effort % X NIH cap = 10% X \$196,700 = \$19,670

Difference = (effort % X faculty salary) - maximum salary charge to NIH grant = (10% X \$250,000) - \$19,670 = \$25,000 - \$19,670 = \$5,330

Note that the percent of effort certified is 10 percent even though less than 10 percent of total salary is charged.

For the current NIH salary cap, visit the NIH webpage:
http://grants.nih.gov/grants/policy/salcap_summary.htm

I have a K Award. How does this affect my effort?

NIH Career Development, or K Awards, are awards to support new faculty but can be given to senior faculty as well. K Awards come with established effort requirements, usually up to 75 percent. This effort requirement must be fulfilled. K Awards often come with a salary limit as well. If the required percentage of the faculty member's salary is over the salary limit, the difference must be cost shared.

For example, a faculty member with a salary of \$150,000 has a K Award with a 75 percent effort requirement and a \$100,000 salary limit, would be set up as follows.

| | |
|---------------------------------|-----------|
| Faculty Salary: | \$150,000 |
| K Award required effort: | 75% |
| 75% of salary: | \$112,500 |
| Salary charged to K Award: | \$100,000 |
| Difference must be cost shared: | \$ 12,500 |

In this example, 75 percent of the faculty member's effort would be certified on the K Award even though less than 75 percent of his or her salary was charged.

I am a faculty member with patient care private practice activity. How does my clinical incentive compensation factor in my effort reporting?

Variable clinical incentive compensation is not considered part of institutional base salary because it is not set in advance, among other reasons. Accordingly, it is not included in a faculty member's institutional base salary for grant proposals and is not certified. This applies to both periodic (usually quarterly) and annual clinical incentive compensation and bonus.

Core clinical compensation (fixed clinical salary) is included as part of a faculty member's institutional base salary for proposal and certification purposes. Faculty certify to this effort via eCert under "Other Institutional Effort."

I am a faculty member with industry-sponsored clinical trials managed by HRA. How does this affect my effort certification?

Research activity on clinical trials managed by a Health Research Association (HRA) is considered part of USC's institutional effort and is part of USC institutional base salary. This effort should be charged to an HRA account or, with dean's approval, to an unrestricted institutional account. Industry-sponsored clinical trial effort does not need to be certified separately for purposes of effort certification included in USC's institutional base salary. During the HRA budgeting process, faculty members will be asked to provide their estimated effort in order to develop an accurate budget for the sponsor. Faculty certify to this effort via eCert under "Other Institutional Effort."

As with all research activity, faculty members should charge the HRA trial or an appropriate cost share account in accordance with the effort worked.

Outside consulting activity is not included in USC's institutional base salary or USC's institutional effort. Consulting income should only be for activities outside of the university. Compensation for the time and effort of conducting the trial is not considered outside consulting.

Questions Specific to Nine-month Faculty

I am a faculty member on a nine-month contract with a summer research supplement. Can I use my summer research supplement to compensate me for work performed during the academic year?

No. All work on grants and contracts must be paid for the period in which the effort was performed. For example, if a faculty member is paid 100 percent from a sponsored project for the month of July, he or she must devote 100 percent of their July effort to work on that sponsored project. Effort performed on sponsored projects during the academic year cannot be used to satisfy summer payments from sponsored projects. Summer effort charged to sponsored projects must also be performed with the same rigor as effort performed during the academic year.

I am a nine-month faculty member charging three months of summer salary to sponsored projects? Am I eligible to take a summer vacation?

No. A faculty member on a nine-month contract may not charge three months of summer salary to sponsored projects and take a vacation during the same period (May 16 to August 15). Summer effort is expected to be performed with the same rigor as effort during the academic year.

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| <p>If you take a vacation during the summer, you cannot charge three months' summer salary to sponsored projects.</p> |
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I am a nine-month faculty member with less than three months of summer funding. How do I certify my effort?

The Summer Semester runs for three months from May 16 to August 15. The base for the Summer Semester is 3/9ths of the academic year salary or three months of salary. Effort is determined as a percentage of this base. Three full months of effort totals 100 percent. One full month of funding totals 33 percent (one month divided by a three-month base).

Effort at less than 100 percent per month is determined the same way. For example, a faculty member with funding from May 16 to June 30 would certify to 50 percent for the summer (1.5 months divided by the three-month base).

I am a nine-month faculty member and have elected to spread my salary payments over 12 months. How will this affect my effort certification?

Pay from sponsored projects must be paid as earned and certified accordingly. Only pay from non-sponsored accounts may be spread over a longer period. For example, a faculty member earning \$90,000 for the academic year with a 10 percent research commitment can elect to spread his or her pay into 12 monthly payments of \$7,500 instead of nine payments of \$10,000. However, since the 10 percent research portion must be paid over the nine academic months at a rate of \$1,000 per month, only the remainder of the pay may be

spread out. This portion is 90 percent of \$90,000 or \$81,000. In the academic months the faculty member will be paid 13.3 percent of his or her salary from the grant (\$1,000 divided by \$7,500) but should only certify to the 10 percent effort they actually worked.

Further Information on Effort Reporting

For further information on effort reporting, please contact the Office of Financial Analysis: (<http://fbs.usc.edu/depts/ofa/page/4118/policies/>, or ecert@usc.edu, or 213-821-1937)

Effort Reporting Examples

Example 1 – Twelve-month faculty member with NIH research effort, HRA effort, teaching effort, and clinical effort with an IBS of \$140,000 (paid **under** the NIH salary cap)

| IBS Effort | IBS Effort %s | IBS Pay %s | IBS Pay | Effort Certification Categories | % Effort for Certification |
|--------------|---------------|-------------|-------------------|---------------------------------|----------------------------|
| NIH Research | 10% | 10% | \$ 14,000 | NIH Research | 10% |
| HRA Effort | 10% | 10% | \$ 14,000 | All Other Institutional Effort | 90% |
| Teaching | 40% | 40% | \$ 56,000 | | |
| Clinical | 40% | 40% | \$ 56,000 | | |
| Total | 100% | 100% | \$ 140,000 | Total | 100% |

The faculty member would certify to 10 percent on the NIH grant and 90 percent under All Other Institutional Effort. In this example, effort and pay percentages match since the faculty member is paid under the NIH cap. Also note that both clinical and HRA effort are certified under the All Other Institutional Effort category.

Example 2 – Twelve-month faculty member with NIH research effort, teaching effort and clinical effort with an IBS of \$240,000 (paid **over** the NIH salary cap)

| IBS Effort | IBS Effort %s | Payroll Accounts | IBS Pay %s | IBS Pay | Effort Certification | % Effort for Certification |
|--------------|---------------|-------------------|-------------|-------------------|----------------------|----------------------------|
| NIH Research | 20% | NIH Research | 16% | \$ 39,340 | NIH Research | 20% |
| | | Companion Account | 4% | \$ 8,660 | All Other | Institutional Effort |
| Teaching | 40% | Teaching | 40% | \$ 96,000 | 80% | |
| Clinical | 40% | Clinical | 40% | \$ 96,000 | | |
| Total | 100% | 100% | 100% | \$ 240,000 | Total | 100% |

In this example, the faculty member’s effort does not match the salary charged to the NIH research project on a percentage basis. The faculty member devotes 20 percent of his or her effort to the NIH research project but can only charge 16 percent of his or her pay. This is because the allowable pay is calculated based on 20 percent of the NIH salary cap (20 percent of \$196,700, or \$39,340). The remainder of the pay, \$8,660, must be charged to a school or unit companion account. Together the salary charged to the NIH project and to the companion account total \$48,000 (or 20 percent of the faculty member’s total IBS of \$240,000). It is important to note that the faculty member certifies based on effort of 20 percent, not salary charged.

Example 3 – Faculty member with industry sponsored clinical trial effort, sponsored research effort, teaching effort, administrative effort and consulting income from outside work for an industry trial sponsor

| IBS Effort | IBS Effort %s | IBS Pay %s | IBS Pay | Effort Certification Categories | % Effort for Certification |
|--------------------|---------------|-------------|-------------------|---------------------------------|----------------------------|
| Sponsored Research | 10% | 10% | \$ 12,000 | Sponsored Research | 10% |
| Teaching | 40% | 40% | \$ 48,000 | All Other Institutional Effort | 90% |
| Administrative | 30% | 30% | \$ 36,000 | | |
| Clinical Trial | 20% | 20% | \$ 24,000 | | |
| Total | 100% | 100% | \$ 120,000 | Total | 100% |

In this example, the faculty member’s consulting income is excluded as it is for work done outside of USC and is not part of the faculty member’s university duties. The faculty member’s effort on industry-sponsored clinical trials is paid separately from the rest of his or her university effort. However, for effort certification purposes this effort is included as part of All Other Institutional Effort. Only the sponsored research effort is certified separately.

Example 4 – Nine-month faculty member with a core academic salary of \$72,000 and a nine-month administrative stipend of \$18,000, providing a total nine-month IBS of \$90,000. Research, teaching, service and administrative effort occur during the academic year, but the faculty member has elected to be paid over 12 months.

| IBS Effort | Academic Year IBS Effort %s | Total Year IBS Pay | Academic Year IBS Pay | Summer IBS Pay | Effort Certification Categories | % Effort for Certification |
|--------------------|-----------------------------|--------------------|-----------------------|------------------|---------------------------------|----------------------------|
| Sponsored Research | 10% | \$ 9,000 | \$ 9,000 | \$ - | Sponsored Research | 10% |
| Teaching | 40% | \$ 36,000 | \$ 26,000 | \$ 10,000 | All Other Institutional Effort | 90% |
| Service | 30% | \$ 27,000 | \$ 19,500 | \$ 7,500 | | |
| Administrative | 20% | \$ 18,000 | \$ 13,000 | \$ 5,000 | | |
| Total | 100% | \$ 90,000 | \$ 67,500 | \$ 22,500 | Total | 100% |

In this example, effort and pay percentages do not match on a monthly basis due to the spreading of salary over 12 months for effort performed over nine months. They do match when calculated over a full year.

The faculty member's \$90,000 salary has been spread into 12 equal monthly payments of \$7,500. However, sponsored research salary cannot be spread so that is paid out over the nine months of the academic year. Salary for the remaining types of effort is spread over the summer to make equal payments of \$7,500 per month.

Effort must be certified as performed, so in this example the faculty member would certify to 10 percent effort for research over the academic year (August 16 to May 15), which matches research pay of \$9,000 over an IBS of \$90,000 (combined core salary and administrative stipend). If the faculty member also works on a funded research project during the summer, then he or she should separately certify effort during the summer period according to the percent effort devoted to research during the summer.