



I, Aida Ávalo-Sánchez, Secretary of the Board of Trustees of the University of Puerto Rico, **DO HEREBY CERTIFY THAT:**

The Board of Trustees, in its regular meeting held September 17, 2011, having considered the recommendation it's Committee on Academic Affairs and Research, and of the President of the University of Puerto Rico and the Vice President for Research and Technology, approved the following:

**EFFORT REPORTING POLICIES AND PROCEDURES
AT THE UNIVERSITY OF PUERTO RICO¹**

BACKGROUND

The Board of Trustees, in its Certification Number 14 (2011-2012), approved the new institutional Policy for the Promotion and Development of Research at the University of Puerto Rico (UPR), in order to adjust it to its current level of research development, and harmonize it with current federal policies and requirements. In this context, the Policy established the University's position and definitions regarding what constitutes "Institutional Base Salary" ("Salario Base Institucional") (IBS) and "Total Professional Effort" ("Esfuerzo Profesional Total") (TPE), and provided for their consistent application when proposing effort and payroll labor costs on sponsored agreements; charging actual costs to sponsored agreements and other institutional activities; and the formal reporting and accounting of costs to at a minimum, federal sponsors. The approval of the new policy requires the concomitant updating and harmonization of the UPR Effort Reporting Policies and Procedures, and is also consistent with the mandate of Board of Trustees Certification Number 36, 2009-2010, that established the current Institutional Policy for Obtaining, Use and Fiscal Monitoring of External Funds Obtained by the University of Puerto Rico for Educational Programs, Research and Public Service. Consequently, we approve the following:

¹ As amended, *nunc pro tunc*, by Certification No. 49 (2012-2013).



SCOPE

As a recipient of sponsored funds, the UPR must assure all sponsors that the assignment of effort, salary and fringe benefits costs are reasonable in relationship to the work performed, and that commitments have been met. Federal regulations provide a basic regulatory framework for effort reporting. 2CFR Part 220 (OMB Circular A-21) requires that any individual, who performed work on a federally sponsored project, including federally funded sub-awards received from other institutions, industry or State, must certify that the effort, paid or committed, is reasonable. The UPR's effort reporting policies and procedures are the mean by which these reporting and certification responsibilities are fulfilled.

This overarching set of policies and procedures applies to all individuals whose salaries are charged to sponsored projects (in whole or in part), whose effort has been committed as part of cost sharing/matching funding, and whose responsibilities involve certifying the effort of other individuals. Non-compliance would affect the University's reputation, jeopardize future funding from the Federal Government and collaborations with other institutions, and can lead to financial penalties and/or expenditure disallowances. For instance, disallowance of costs charged for salary and wages, would also limit the recovery of Facilities and Administrative (F&A) costs (i.e. indirect costs).

The University of Puerto Rico shall utilize a web-based Effort Reporting System to generate periodic effort reports in compliance with university and sponsor requirements. Each Personnel's Effort Report accounts for 100% of the effort required in fulfilling the employee's obligation or professional activities for the University (Total Professional Effort, TPE), and for which the employee is paid by the University in their Institutional Base Salary (IBS). The institutional definitions of TPE and IBS are contained in this document, and in Certification Number 14 (2011-2012), Policy for the Promotion and Development of Research at the University of Puerto Rico.



The UPR recognizes the complexities of Effort Reporting and the challenges of federal compliance. Therefore, these policies, procedures, electronic forms, data and systems used in effort reporting will continue to be evaluated for opportunities to improve their effectiveness.

PURPOSE

The purposes of this document are: (1) to comply with the Federal Regulations **2 CFR 220 Office of Management and Budget (OMB)** Circular A-21, Cost Principles for Educational Institutions, and all other applicable Federal Laws and Regulations, for the certification of effort performed on a federally sponsored program; and, (2) to assure that effort certifications completed in connection with University sponsored projects are accurate, reasonably reflect the actual level of effort expended on a sponsored project, and comply with sponsor's requirements, terms and conditions in areas, such as: salary charged to those projects, the commitment indicated (including mandatory and voluntary committed cost sharing) in the proposal and subsequent award, and in the corresponding estimates of facilities and administrative (F&A) costs (indirect costs) charged to sponsors.

This document additionally provides guidelines to faculty and staff on their responsibilities in relation to institutional and sponsor Effort Reporting policies and procedures, and the required periodic effort certifications and reports. All key personnel must be aware of his/her level of committed effort to sponsored projects, ability to meet those commitments in light of any other obligations, and need to communicate any significant changes in level of sponsored projects effort to the University immediately.

All individuals involved in the effort certification process are expected to abide strictly by the provisions contained herein.

POLICIES

- 1. Each Personnel's Effort Report must reasonably account for 100% of the effort required in fulfilling the employee's obligation to the University, that is**



his/her Total Professional Effort (TPE). For Faculty personnel, effort (non-sponsored or sponsored) may be dedicated to academic instruction, conduct of research, creative activity, teaching improvement, training, and/or services. For full-time employees, 100% TPE does not equate to any set number of hours, e.g., 40 or 50 hours per week; it equates to the totality of University-compensated effort. TPE excludes effort outside of duties for the UPR, i.e. external consulting, non-UPR appointments, other non-institutional professional activities, or volunteer/unfunded activities such as community service. *A detailed list of categories or types of effort can be found in Appendix 1.*

- 2. University personnel may receive remuneration or compensation that may involve time and effort, therefore the corresponding effort must be included in the individual's Effort Report.** The compensations received under these terms must accordingly be documented as part of the individual's IBS (see Appendix 2). However, as per OMB A-21 Attachment J, #10.d, compensation that is non-effort related may not be included in the institutional base salary for determining estimates chargeable to federally sponsored awards unless prior approval has been obtained from the sponsor. According to OMB A-21 in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the consultant is in addition to his regular departmental load, any charges for such work representing extra compensation above the base salary are allowable provided that such consulting arrangements are specifically provided for in the agreement or approved in writing by the sponsoring agency.
- 3. In conformity with sponsor requirements and institutional authorizations, university personnel may commit and/or charge a percentage of their TPE (minimum of 1%, but not to exceed 100%) to sponsored program/project agreements.**



- a. Principal Investigators (PI) are expected to commit and request direct salary support from sponsors on their projects. However, a minimum level of effort of no less than 1% is expected to be contributed and certified by the PI when no direct salary support is requested. *The exception is equipment and instrumentation grants or dissertation grants typically do not require a minimum level of effort by the PI.*
- b. Consideration for maximum effort should be reasonably estimated and correctly and accurately reflect the percentage dedicated to all of the person's duties. For example, any person who has administrative duties, instructional requirements, or office duties may not charge 100% to sponsored projects because such other duties must have some measurable amount of effort to account for these activities. The corresponding percent effort commitments for key personnel should:
 - i. Be consistent with the description of the individuals' roles on the project and be reasonable given the nature and complexity of the project;
 - ii. Reconcile with the individuals' other current and pending responsibilities, including instruction, administration, sponsored projects, or other activities; and
 - iii. Not be inflated beyond what is reasonably required to accomplish the proposed work, and be consistently reflected on the corresponding institutional authorization documentation of a proposal.

Conversion to person-months: When required, to fill out the budget forms for the SF 424 R&R grantees will need to convert percent-of-effort to person months. Conversion of personnel percent effort commitment to sponsor defined "person months" (i.e. NIH) should be calculated considering the



corresponding and applicable Academic Year and Summer Terms. For the U.P.R., the actual academic year and summer terms are as follows:

- Academic Year (AY) based on 9-months (AY₉) – all U.P.R. campus except UPR-Carolina and UPR-MSC.
- Academic Year (AY) based on 10-months (AY₁₀) – U.P.R. Carolina.
- Summer Term (ST) for AY₉ is of 3 months (SM₃) – all U.P.R. campus except UPR-Carolina and UPR-MSC.
- Summer Term (ST) for AY₁₀ is of 2 months (SM₂) – U.P.R. Carolina.
- Academic Year (AY) based on a 12-months (AY₁₂) – U.P.R. MSC and all other units within other campuses having faculty personnel under the 12 months system.

Therefore, the conversion of percent effort to person months should be estimated as follows: **Person months = [AY or ST] x [fraction of effort]**

Example 1: $AY_9 \times 25\% \text{ effort} = 9 \times 0.25 = 2.25 \text{ person months}$

In specific, a PI on an AY₉ appointment with an IBS of \$63,000 will have a monthly salary of \$7,000 (one-ninth of the AY). 25% of AY effort would equate to 2.25 person months ($9 \times 0.25 = 2.25$). The budget figure for that effort would be \$15,750 (\$7,000 multiplied by 2.25 AY person months).

Example 2: $SM_3 \times 100\% \text{ effort} = 3 \times 1.00 = 3 \text{ person months}$

In specific, a PI on a AY₉ appointment with an IBS of \$63,000 will have a monthly salary of \$7,000 (one-ninth of the AY IBS), and a corresponding ST of 3 months (SM₃). If the PI commits, charges a full summer term (3/9) or 100% of effort for the SM₃,



this would equate to 3 SM₃ person months (3 x 1.0=3). The budget figure for that effort would be \$21,000 (\$7,000 multiplied by 3 SM₃ person months).

Example 3: $AY_{12} \times 25\% \text{ effort} = 12 \times 0.25 = 3 \text{ person months}$

In specific, a PI on an AY₁₂ appointment with an IBS of \$72,000 will have a monthly salary of \$6,000 (one-ninth of the AY). 25% of AY effort would equate to 3.0 person months (12 x 0.25 = 3.0). The budget figure for that effort would be \$18,000 (\$6,000 multiplied by 3.0 AY person months).

4. **Committed cost sharing (mandatory or voluntary) effort must be accurately documented and reported in the Personnel's Effort Report.** As per University Cost Sharing/Matching Funds Policy, in institutionally authorized sponsored projects agreements, individuals may commit part of their TPE. Faculty and personnel compensations received from University matching/cost sharing funds based on a specific percentage of their TPE must be accurate and the corresponding percent effort included in the Effort Report. In addition, cost sharing/matching funds that commit University personnel's TPE in a specific sponsored project cannot be used to satisfy a cost share commitment on any other sponsored project.
5. **Principal Investigators (PI), Project Directors (PD) or person's having first-hand knowledge of employee effort on sponsored programs must certify that effort paid from their grant funds was reasonably expended.** For determining "reasonableness", 2 CFR Part 220 (OMB Circular A-21) states: "In an academic setting, teaching, research, service and administration are often inextricably intermingled. A precise assessment of factors that contribute to costs is not always feasible, nor is it expected. Reliance, therefore, is placed on estimates in which a degree of tolerance is appropriate... The payroll distribution



system will ... (ii) reasonably reflect the activity for which the employee is compensated by the institution...” It must be underscored that individual(s) who certify a falsified report may be subject to criminal charges.

6. **Any changes to an effort certification form must be accompanied by a corresponding change to the payroll system to correct the expense. Sponsors must be notified of changes to effort commitments at the time of the initial award, and during the course of the project, consistent with the individual sponsor’s notification requirements.** The PI and their department should make corrections within 60 days after receipt of the Effort Report.

The Institutional Base Salary (IBS) is used to propose and charge salary to sponsored projects. The IBS of the Faculty Personnel dedicated to academic instruction, who also conduct research, creative activity, teaching improvement, training, and/or services, is defined to be their annual permanent salary as it appears in the employment contract of the employee or subsequent letters of notice of salary increase/decrease plus any supplemental compensation of one full year or more (see Appendices 1 and 2). This annual permanent salary constitutes the base pay for the individual’s total professional effort (100%), independent if his/her time is devoted to teaching, research, administration, creative activity, service, clinical activities, other activities and/or a combination of these, and in conformity with the provisions contained in Articles 49 and 66 of the General Rules of the University of Puerto Rico. See Certification No. 14 (2011-2012).

According to federal regulations compensations included as part of the IBS must conform to the criteria delineated in Policy 8.

7. **University compensations that require or are based on the commitment of personnel’s time and effort (i.e. administrative, clinical service, among others) must be included as part of an individual’s IBS, provided they meet the following criteria:**



- a. The compensation must be paid through the university.
- b. The University must guarantee the compensation for a period of one (1) year or more.
- c. The compensation must be documented in the individual's human resources personnel action forms.
- d. The compensation must involve personnel time and effort.
- e. The compensation's corresponding effort must be accounted for on the individual's effort reports.

IBS excludes one-time payments, incentives or bonuses (not involving time and effort), compensations based on work overload, non-recurrent incidental work, or summer work (i.e. summer salaries when the academic year is less than 12 months), and any income that an individual is permitted to earn outside of duties for the UPR. *Additional examples are provided in Appendix 2.*

- 8. In the case where the personnel IBS exceeds an agency's salary cap, no more than the percent effort committed multiplied by the salary cap may be requested or charged to the sponsor, yet the individual must still devote the full committed effort as proposed and awarded.** Sponsor imposed salary caps restrictions require additional consideration for the commitment and certification of effort for in cases where the IBS exceeds the salary cap. Effort report forms for individuals earning in excess of the capped amount must be completed in accordance with this policy and considerations. Sponsors, in particular the National Institutes of Health (NIH) may impose a cap on the reimbursement of salaries. By law, NIH may not reimburse salaries under NIH awards at an annual rate that exceeds the cap (Currently NIH Salary Cap http://grants.nih.gov/grants/policy/salcap_summary.htm).

Nevertheless, investigators must still devote the full committed effort as proposed and awarded without regard to the salary reimbursement limitation. It can be foreseen that Salary Cap restrictions may force an automatic situation of



Contributed Effort (where Total Effort is split between Contributed Effort and effort allowed to be charged to the sponsor under the salary cap). The salary cap restriction requires consideration for proposal submission (tracking of cost share and committed effort) and Effort Reports.

Therefore, as shown in the example below for Professor Y, even though an individual commits 20% effort to an NIH project, the salary cap implies that the University may only charge the agency for 16% of his/hers IBS, and the remaining 4% remains committed in the form of cost sharing. Professor Y's Effort Report should reflect the total committed effort of 20%.

| Example of Professor Y who's IBS (\$250,000) exceeds NIH's Annual Salary Cap (\$199,700) and commits 20% to an NIH project. | | | | |
|------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Salaries (IBS and NIH salary cap) | Percent effort committed (%) | Funds estimated as per IBS and funds approved as per NIH's cap | Actual percent of faculty's IBS that can be charged and will be supported by NIH | Percent effort (%) to be cost shared or contributed effort by the university |
| \$250,000 (IBS) | 20% | \$50,000 | | |
| \$199,700 (NIH salary cap) | 20% | \$39,940 | 16% | 4% |

- In the case of institutional units and campus with less than 12-months academic year and appointments, personnel can receive summer payments for sponsored research during the summer period, and such payments are**



not part of the individual's IBS. The effort personnel expend during the summer period on professional activities (i.e. summer sponsored research) is considered as work beyond the individual's TPE responsibilities during the academic year for which he/she receive their IBS.

Provided, however, that the following specific guidelines for summer salary compensations must be strictly followed:

- a. Summer Salary must be consistent with the current academic year's rate of pay or IBS. That is if a faculty member has an annual IBS of \$90,000. The monthly payment of such personnel is $\$90,000 / 9 = \$10,000$. Therefore, if a faculty member receives summer salary support for one-month (1/9) the total support or compensation should be \$10,000.
- b. Personnel may not receive more than two (2) months of summer salary support from sponsored projects without prior written approval. In the case of NSF's two months rule, it applies to any one year (12 months) and carries over to the summer period; it is two months for the 12 months period. The two months cannot be processed as supplemental payments if paid during the academic year, but shall be part of the functions used to allocate the base salary. Allocations to other commitments/functions have to decrease as a result of the effort that will be dedicated to the NSF award.
- c. Personnel must be prepared to certify that the effort was expended on these projects during the summer in at least the same proportion as the summer salary charged to those projects.
- d. Personnel receiving full summer salary (3/9 maximum) from



external sponsors during the summer period are ineligible for time off during that period for which they are being paid. In addition, payment of full summer salary by a sponsor means that the Faculty member cannot engage in other activities, i.e., administrative or academic activities compensated by the University. If a Faculty member has formal summer academic or administrative responsibilities, summer compensation and the corresponding effort must be adjusted proportionately.

- e. The effort *de facto* expended during the academic year, on sponsored project/programs that will only provide summer salary, is regarded or classified as uncommitted Faculty effort, and hence effort need not be identified and reported if there is no reduction to other teaching or research and/or any other duties (see University Cost Sharing/Matching Funds Policies and Procedures). This should be taken into account in the faculty personnel Effort Report.
- f. Due to the effort commitment to a sponsored project, if a sponsor has a salary cap, and if the Faculty member commits to full effort during a summer month, even though the sponsor will not pay a full salary because of the cap limitation (see example above), the Faculty member must still devote their full effort to the project during the month paid.
- g. Summer period effort reporting is required for all sponsored projects' personnel with less than 12-month appointments and that also conducts additional professional activities, particularly summer research.

11. PI/PDs, departments, and/or corresponding research administrators units must submit labor redistributions within 60 days from the date the original



transaction posted in the university's web-based financial, human resources and grants management system, consistent with the University's Cost Transfer Policy for all expenditure categories.

12. University campus and units must adequately document in the personnel's effort and human resources record each significant change of the PI's role, responsibilities, or distribution of effort for all PIs that hold dual, salaried appointments with other campuses or institutionally-affiliated units (clinical appointments, appointments with the Veteran's Administration). Such documentation can be in the form of a Memorandum of Understanding (MOU), or official campus letters.

13. Administrative and/or disciplinary actions in accordance with University disciplinary procedures may be imposed, due to failure to follow the provisions of this effort reporting policy, to the individuals, research administration units and departments responsible for the violation(s). Specifically:

- a. If effort reports are not completed and returned in a timely manner, cost disallowances, such as salary costs associated with uncertified grant activity, may be removed and charged to a faculty, research administration unit, departmental, deans or chancellor account.
- b. In consultation with the Vice President for Research and Technology, there may be the need to suspend submission of any new proposals on behalf of a noncompliant PI, or inclusion of a noncompliant researcher in proposals, until effort reports are up to date and properly completed and certified.
- c. Certification of effort reports that are known to be materially inaccurate may expose the individual who completed the reports to



personal disciplinary action.

GUIDELINES AND PROCEDURES

Specific procedures for Effort Reporting at the University of Puerto Rico will be developed according to a recently implemented university-wide, web-based Effort Reporting System. The President of the University of Puerto Rico, or the person in whom he/she delegates, will issue the necessary guidelines, norms and procedures, or will amend the existing ones to implement what is established in this Policy; provided, however, that the chancellors of the institutional units can issue administrative dispositions to implement in their units what is provided in this Policy, as long as these do not contravene nor the provisions nor the established guidelines, normative dispositions or procedures issued by the President of the University. Yet, the latter administrative dispositions shall be consulted and receive the corresponding clearance from the Vice President for Research and Technology.

INTERPRETATION

The President of the University of Puerto Rico shall settle any controversy, question, or clarification regarding these regulations or situations not foreseen by them.

AMENDMENTS

These regulations may be amended by the Board of Trustees, *motu proprio*, or upon the recommendation of the President of the University of Puerto Rico.

EFFECTIVE DATE

These regulations shall become effective immediately after their approval. From that date on, any policy, regulation, rule or guideline to be contrary, inconsistent or contrary to this Policy or its purposes, shall be without effect.



IN WITNESS WHEREOF, issued under the seal of the University of Puerto Rico, this 19th day of September 2011.



Aida Avalo de Sánchez

Aida Avalo-Sánchez

Secretary



| APPENDIX 1 | |
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| Types of efforts included and excluded in the individual's Total Professional Effort (TPE). | |
| INCLUDES | EXCLUDES |
| <ul style="list-style-type: none">• Instruction/university supported academic effort, including classroom teaching, presentations to students/trainee groups, mentoring trainees (undergraduate, graduate, postdoctoral fellows, and residents, among others).• Externally sponsored research, including all activities that the federal government recognizes as allocable to sponsored projects• Departmental/university research, including UPR-funded projects.• Administration (e.g. Department Chair, Program Director, Dean).• Service on institutional committees, including IRBs, IACUCs, Academic Senate and other governance bodies.• Activities related to pursuing intellectual property (in conformity with Law 150 of the Government of Puerto Rico).• Public service activities directly related to UPR professional duties. | <ul style="list-style-type: none">• Research for which the individual receives compensation from a source other than the UPR as work overload (effort beyond the faculty 100% TPE) during the academic year or during the summer period, i.e. NSF, NIH, industry or other private sponsors (in conformity with Law 150 of the Government of Puerto Rico).• Paid consulting outside of the UPR (in conformity with Law 100 of the Government of Puerto Rico).• Unpaid consulting outside of the UPR, except when performed as part of an individual's assigned responsibilities in the primary position.• Service on an NIH study section, NSF peer review panel or other sponsor review.• Other advisory activities for sponsors, regardless of whether compensation is received• Peer review of manuscripts, regardless of whether compensation is received.• Leadership in professional societies.• Volunteer community or public service not directly related to UPR effort.• Lectures or presentations for which the individual receives compensation from a source other than the UPR.• Other activities beyond or separate from assigned responsibilities in the primary position, i.e. service as primary editor of a journal. |



| APPENDIX 2 | |
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| Types of compensations included and excluded in the Institutional Base Salary (IBS). | |
| INCLUDES | EXCLUDES |
| <ul style="list-style-type: none">• Regular salary scale level of compensation.• Salary above scale as authorized by the President and/or Board of Trustees of the UPR.• Annual compensations received as administrative bonifications or base salary differential payments for the direction of centers, institutes or other administrative responsibilities (i.e. Institute Director, Chair, Dean, others) that incurs in time and effort commitment.• Replacement of his/her IBS pay by the corresponding compensation received from extramural grants, contracts, and cooperative agreements from federal and nonfederal sponsors as part of the individual's effort commitment.• Sabbatical leave.• Paid professional leave, such as vacation and sick leave. | <ul style="list-style-type: none">• Summer salary payments.• Supplemental compensations, such as institutional incentives and bonus, which do not involve time-effort.• Non-recurrent payments (i.e. one-time payments, "obvenciones", etc).• Lump-sum payments.• Bonus payments.• Temporary supplements (<6 months)• Tuition remission.• Outside professional work, including but not limited to: Consulting and Compensated peer review activities.• Compensations received for research or other scholarly activities from a source other than the UPR as work overload (for effort done beyond 100% TPE) during the academic year or during the summer period, i.e. NSF, NIH, private sponsors, private industry, others (in conformity with Law 150 of the Government of Puerto Rico).• Royalties (paid directly to an individual).• Overtime wages, for hourly employees. |