

III. Compensation and Effort Reporting for Grants & Contracts

A. Overview

Federal regulations for compensation and effort reporting for grants and contracts are complex. To ensure compliance with the laws and regulations affecting sponsored projects, a thorough understanding of federal laws and regulations, award terms and conditions, and University policies and procedures related to compensation and effort reporting is required.

Objectives:

In this chapter you will learn about:

- how to allocate effort to sponsored projects
- how to calculate effort
- compensation-related topics
- the summer salary process
- effort reporting
- the hiring process for students employees and GRAs (non-employees)

B. Effort on Sponsored Projects

1. Defining Effort

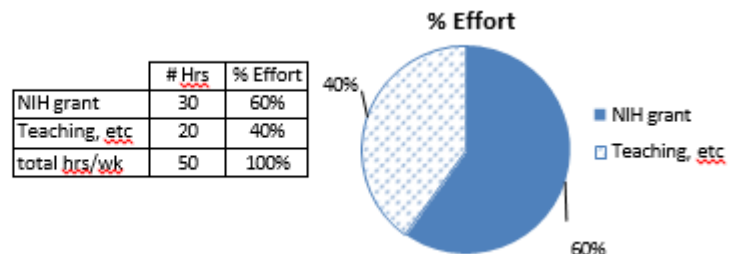
Effort is the amount of work or portion of time spent, expressed as a percentage of total time, on all activities performed on behalf of RIT within the scope of an individual's appointment or employment. It includes the time spent working on a sponsored project to which the salary is directly charged or contributed. When a project budget includes funding support for faculty, staff, and students, each individual's percentage of effort must be calculated in order to properly charge labor costs to the project. Federal awards must have some level of PI committed effort.

2. Calculating Effort

Faculty effort is not necessarily based on a 40-hour work week. It encompasses all activities related to being a faculty member at RIT. The following are examples of how to calculate effort.

Ex 1- Dr. Smith puts in 30 hours per week on an NIH project but also spends 20 hours per week on her teaching and department chair responsibilities. What would be her % effort on the NIH grant?

Since her total hours are 50 hours per week, her effort percentage for working on the NIH award would be 30 hours/50 hours, or 60%.



3. Allocating Effort

Employee Action Forms (EAFs) are used to represent the initial estimate, or allocation, of work to be performed on a federal award in order to properly charge the award. A new EAF must be completed each time there is a change in effort on a sponsored project. A Salary Redistribution EAF is used to change the percentage of effort for current employees while a New Hire EAF is used for new employees hired to work on a sponsored project. The majority of EAFs are completed online via Oracle.

Refer to Human Resource's website for information on the EAFs described below:
<http://www.rit.edu/fa/humanresources/content/forms#employaction>

Note: When an employee's salary is being distributed to multiple projects, the end date of the EAF should correspond with the earliest project end date. The EAF is routed to all relevant departments /colleges to obtain required signatures, the principal investigator's (PI's), and then finally to SPA.

a. New Hire Process

- i. When an award includes salary support for new hires, a completed **Faculty/Staff Requisition Form** and a position description are electronically forwarded to SPA via the Career Zone online system. Salary offers must be approved in advance by the appropriate divisional vice president or delegate.
- ii. Once the position has been posted, the individual has been selected, and the offer accepted, a **New Hire EAF** must be completed to hire that specific individual. The New Hire EAF is then electronically routed to all relevant departments/colleges for required signatures, including the principal investigator's (PI's), and then to SPA.

b. Salary Redistribution – Faculty and Staff

- i. A **Salary Redistribution EAF** is completed via Oracle when the percentage of effort on a project changes.
- ii. The EAF is electronically routed through Oracle to obtain all department/college required approvals, including the principal investigator's approval, then routed to SPA.
- iii. The effective end date of the EAF must correspond with the earliest sponsored project end date.
- iv. The EAF is then electronically routed to Human Resources (HR) for processing. The changes will be effective in the next payroll period as long as the forms are received in HR by the cut-off date.

Refer to the [Payroll Schedule](#) on the Controller's Office website for dates that EAFs are due to HR.

c. Salaries Charged to Cost Share

- i. When mandated by the sponsor or voluntarily committed, cost sharing is a real commitment of University resources towards the completion of the sponsored project. Cost sharing represents actual expenditures that must be properly tracked and funded in specific cost share project accounts. An example of an account number to be used on an EAF for faculty effort on a cost share project is:

01. 67953. **70150**. 15. CXXXX. 00000

- ii. Each quarter, SPA funds cost share commitments via a transfer journal entry that will debit the funds in the funding department (e.g. the operating account), and credit the funds in cost share account. Cost share accounts that are funded from only one internal source may be funded automatically monthly.

4. Certifying Effort

- a. **Effort reporting and certification** is a requirement of the Federal government. Under 2 CFR §200, any institution receiving federal awards must have systems and procedures in place that can demonstrate an individual's actual level of activity dedicated to each sponsored project.
- b. RIT follows the after-the-fact reporting and certifying method. SPA prepares **Effort Reports (ERs)**, for each federal grant/contract and distributes them to PIs for certification using Adobe EchoSign.
- i. ERs provide details of salary charges to sponsored projects and any related cost share project for the preceding academic term.
- a) For hourly staff, including students, the signed timecard serves as the effort reporting tool.
- ii. The PI or an individual with direct knowledge of the grant/contract activity must review and sign the ER and submit to SPA via Adobe EchoSign.
- c. Once certified, no further effort should be recorded for that time period.

C. Compensation

1. Faculty Compensation

The majority of RIT faculty contracts are 9.5 months in duration. Faculty who are on 9.5 month contracts are paid over 12 months, from July 1st through June 30th.

- a. Salaries and benefits paid from July 1st through August 15th (3 pay periods)

are “**pre-payments**” (paid, but not yet earned) that faculty earn during the academic year, August 16th through May 31st.

- b. Salaries and benefits paid from June 1st through June 30th, following the academic year (2 pay periods) are actually “**post-payments**” (paid after earned).
- c. Since the pre- and post-payment amounts have been earned in full by faculty by June 30th, the University’s financial statements are correctly stated as of June 30th, the end of RIT’s fiscal year.
- d. No academic year effort in pre- or post-payment periods.
- e. EAFs for academic year effort must end May 31st and restart August 16th.

Refer to the following document on Sponsored Programs Accounting’s website:
http://www.rit.edu/fa/controller/sites/rit.edu/fa.controller/files/files/docs/faculty_prepayment.pdf

- f. Faculty are usually NOT permitted to earn **additional compensation or special assignment** above their base salary for work on federal grants or contracts (projects 30000 – 32999 and A0000 – Z2999) during the academic year. Rare exceptions have been permitted. Contact SRS for pre- award and SPA for post award if you feel that your award may have these charges.
- g. Faculty can earn additional compensation on state projects (33000 – 35999) and/or private contracts (36000 – 39999) if:
 - i. Budgeted and clearly outlined in the award proposal and approved by the sponsoring agency.
 - ii. Additional compensation is calculated at the faculty member’s regular RIT rate of pay and cannot exceed this.
- h. A Principal Investigator (PI) may receive a reduction of the teaching load, a **course release**, due to the supervision of undergraduate and graduate research and/or work on a research project. In these instances:
 - i. The PI will write the course release into the proposal or it may be outlined in the Proposal Request Form (PRF) or employee’s contract
 - ii. The PI charges effort to the award.
 - iii. The Department may use the PI’s release time to hire an adjunct instructor.
 - iv. The amount of the course release will vary among the colleges.
 - v. Course releases will be reviewed at the Project Initiation Meeting (PIM).

2. Administrative Staff Compensation

- a. The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs.
- b. Direct charging of the costs may be appropriate only if all of the following conditions are met:
 - i. Administrative or clerical services are integral to a project or activity
 - ii. Individuals involved can be specifically identified with the project or activity
 - iii. Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency
 - iv. The costs are not also recovered as indirect costs

Refer to the [Allowable and Unallowable Charges](#) document on the SPA website for more information about administrative costs

D. Summer Salary Contracts

The **summer salary** contract period begins on or about June 1st and ends on or about August 15th. Faculty may be entitled to earn summer salary for work on sponsored projects over the summer months up to 26.3% of their base contract amount. This percentage is based on their 9.5 month academic year and, for 100% effort, is calculated as follows:

$$26.3\% = 2.5 \text{ months summer} / 9.5 \text{ months academic year}$$

1. The 26.3% maximum includes all sources of compensation.
2. The amount he/she is entitled to earn is adjusted proportionally based on the percentage of effort worked during the summer.
3. Most summer contracts are paid over 5 pay periods beginning on or about June 15th and ending on or about August 15th. Payments cannot be made in a lump sum or paid in advance of the work actually being performed.
4. An example of an account number to be used on an EAF for faculty summer contracts is:
01. 12345. **70550**. 15. 3XXXX. 00000
5. Summer salary payments are assessed the part-time benefit rate and are not assessed ITS.
6. To request summer salary, complete a 'Summer Salary Charged to Grants & Contracts EAF' online via Oracle.
 - a. Use the SPA [Summer Salary Worksheet](#) to help calculate the amount of summer salary that is appropriate to charge.

- b. Use this information for input into Oracle, the online payment system.
 - c. Confirm that maximum amounts are not exceeded, e.g. no more than 100% effort over multi-awards and maximum salary allowed not exceeded.
 - d. Use several worksheets if working on more than 4 awards during the time period.
7. Each 'Summer Salary Charged to Grants & Contracts EAF' must be approved by the principal investigator. The EAF will be approved through the AME hierarchy assigned to each PI department in Oracle.
 8. A faculty member who requests summer salary for 100% effort on sponsored project activities for all 2.5 months of the summer must forego vacation entirely during the 2.5 month summer period. He/She must also submit a '[Plan of Work](#)' to document his/her understanding of the regulatory requirements when charging 100% effort to federal awards for the entire summer quarter.
 9. Faculty members with a 12-month appointment are not eligible to earn summer salary.
 10. To process summer salary for faculty members with an academic year appointment other than 9.5 months, please refer to the [Summer Salary](#) webpage to see the maximum amount the faculty member may receive.
 11. Faculty receiving 100% summer support from National Science Funded (NSF)-funded projects may receive a maximum of **2/9^{ths}** summer salary. At RIT, the maximum is 21.05% (2 months summer / 9.5 months academic year), unless previously approved by the sponsor.

Additional information, including examples, may be found on the [SPA Website](#).

E. Other Salary-Related Charges

1. Benefits

Separate **benefit rates** have been negotiated and approved for federal and state/private grants and contracts. The Federal rates apply to employees (both RIT and NTID) whose salaries are charged to federal government grants and contracts. The full-time federal rate does not include dependent tuition waivers, since they are an unallowable expense per 2 CFR §200.

- a. Benefit expenses are charged to object code 72050. The calculation is based upon salary expenses for the month and the type of employee (faculty, staff, full-time, part-time, etc). Benefits are charged to the award automatically at the end of each month during closeout.
 - i. Total salaries for the period * Rate = Benefit Expense
 - ii. The benefit rates for federal projects fluctuates each year. See below for the link to the webpage that contains the current rate information.

Information about [current benefit rates](#) is available on the Controller's Office web page:

2. ITS Charges

The **ITS rate**, which is adjusted annually, reflects the centralized costs of supporting RIT computer systems and the network. ITS charges are assessed monthly based upon FTE paid through payroll and charged to object code 90230.

Information about the [current ITS rate](#) is available on the Controller's Office web page:

F. Student Workers

RIT provides students with a variety of opportunities for employment as this is seen as another aspect of the student's educational experience. All **student workers** are hired through the Student Employment Office (SEO). They can be undergraduate or graduate students and must utilize the Kronos timekeeping system to receive their bi-weekly pay. The following are two examples of account code combinations with the object codes to be used for a student worker:

01 . 67953 . **71250** . 15 . 30XXX . 00000 (wages)

01 . 67953 . **71350** . 15 . 30XXX . 00000 (work study)

1. Complete the SEO Student Hire Form and obtain PI approval. Be sure to use the correct account number to ensure prompt payment to the student.
2. Forward to the Student Employment Office for processing. Students are not to begin work prior to completion of this processing.

The [Student Hire Form](#) is available on the Student Employment Office web page:

3. The PI or someone with direct knowledge of the hours worked is responsible for **approving student hours**.
 - a. For hourly staff, including students, the signed and approved timecard serves as certification for Federal projects that require effort reporting.
 - b. A best practice is to obtain the PI's approval of student hours worked concurrent with, or prior to, the Kronos timecard record being approved for payment.

The current year's [Payroll's Schedule](#) is available via a link on the Controller's web page:

- c. Negative affirmation, such as non-response to an email or phone message is NOT an acceptable means of verification. The table below contains examples of both acceptable and unacceptable means of verification.

Acceptable Verification	Unacceptable Verification
Direct supervisory approval in Kronos	Verbal verification from a faculty member to a designee or to an administrator
Email correspondence that describes hours and includes approval of individual with direct knowledge	Negative affirmation, such as non-response to an email or phone message
Review and signed approval of progress reports, time cards, and/or logbooks	Student-generated records or hire paperwork with anticipated hours

4. Due to Federal Work Study Program guidelines, all journal entry corrections are done by SPA.

G. Payments to Student Workers

Students receive a variety of payments. These include salary, stipend, wage, tuition remission, merit scholarships, and fellowships. **Payment type** is based on the job classification.

1. Salary

A payment made to a Graduate Teaching Assistant, the only grad assistantship position classified as an exempt employee, for services provided to the University.

2. Stipend

A payment made to a Graduate Research Assistant (classified as a student conducting research primarily for the purpose of fulfilling requirements for an advanced degree). There is no employer/employee relationship.

3. Wage

A payment made to a Graduate Assistant classified as a non-exempt employee (e.g., Grad Assistant, Grad Grading Assistant, Grad Technical Assistant) for services provided to the University.

- a. Wages for graduate students classified as Graduate Administrative Assistants, Graduate Grading Assistants and Graduate Teaching Assistants are not allowable on sponsored projects (Project 30000 – 32999 and A0000 – Z9999).

4. Tuition remission

A payment made to a GTA or GRA for qualified educational expenses (e.g., tuition and fees) in addition to wages, salary, or a stipend. Note that GTAs can't receive funds from a sponsored project.

- a. Tuition remission is applied consistently to all GTAs and GRAs with a 20-hour appointment at a rate not to exceed 50% of tuition on sponsored projects when the cost has been approved in advance by the sponsor. For appointments with fewer hours, the percentage of tuition remission provided is pro-rated down proportionately. For example, tuition remission for a graduate assistant with a 10-hour appointment cannot exceed 25% of total tuition.
- b. If charged to a federal project, the student must receive a stipend in conjunction with the tuition remission. They may also receive a merit scholarship.
- c. Tuition remission is excluded from F&A charges and is subject to effort reporting requirements and PI certification using the Graduate Research Assistant Activity Report.
- d. The object codes for tuition remission are 82010 (Masters) and 82011 (PhD).

For more information on the Tuition Remission Policy, see the Controller's web site for RIT's [Tuition Remission Policy](#)

- e. The RIT Graduate Assistant Tuition Remission Worksheet is available to assist in determining the amount of tuition remission to be charged to the project.

For more information, see the "[RIT Graduate Assistant Tuition Remission Worksheet](#)" on the Controller's web page.

5. Merit Scholarship

Payment awarded for qualified educational expenses (tuition, books, supplies) based on academic merit.

- a. Merit scholarships are allowable on sponsored projects only when the purpose of the sponsored agreement is to provide training to selected participants and the charge is approved by the sponsor.
- b. Scholarships are processed by the Office of Financial Aid and Scholarship
- c. Object codes are 82005 (Masters) and 82006 (PhD).

6. Fellowship

Fellowships provide payment to a graduate student in excess of tuition and fees or for living expenses. Payment is not contingent upon student providing services to RIT.

- a. Generally, fellowships are paid semi-monthly through the Accounts Payable Office, although payment schedules may be adjusted accordingly based on sponsor guidelines or restrictions.
- b. Payments are taxable and the student will receive a Form 1099 at the end of the year. Be sure that the student and PI are aware of the tax implications.

Refer to [Federal and NYS Tax Treatment](#) on the Controller's Web page for more information regarding what is and is not taxable.

- c. The object code is 82565.

H. Graduate Assistantships

Graduate Assistantships are designed to provide financial support to qualified students for graduate studies.

1. Requirements

- a. Students who receive a graduate assistantship must be matriculated in an RIT graduate degree program and enrolled full time (12 credit hours) in courses toward the completion of a graduate degree during the assistantship period.
 - i. Students enrolled in a BS/MS program must be a year level 6 to receive a graduate assistantship appointment.
 - ii. Graduate appointments are typically academic year appointments. Fall and spring appointments will be for 16 weeks while summer appointments will be for 11 weeks.

2. Classifications

- a. Five **Graduate Assistant job classifications** have been created to ensure consistent treatment of students with similar job responsibilities.

Title	Classification	Payment
Graduate Assistant (GA)	Employee	Non-exempt Hourly
Graduate Grading Assistant (GGA)	Employee	Non-exempt Hourly
Graduate Technical Assistant (GTechA)	Employee	Non-exempt Hourly
Graduate Teaching Assistant (GTA)*	Employee	Exempt
		Semi-Monthly Salary
Graduate Research Assistant (GRA)*	Student	Stipend

*Masters and PhD level

Note: For all sponsored projects, always refer to the award’s specific terms and conditions, which may include additional restrictions.

- a. The following table contains the account code combinations for each graduate assistantship:

Title	Object Code Combination
Grad Asst (GA)*	01.XXXXX.71130.15.3XXXX.00000
Grad Grading Asst (GGA)	01.XXXXX.71135.15.3XXXX.00000
Grad Technical Asst (GTechA)	01.XXXXX.71140.15.3XXXX.00000
Grad Teachng Asst (GTA)*	01.XXXXX.71145.15.3XXXX.00000
Grad Research Asst (GRA) - Masters	01.XXXXX.82570.15.3XXXX.00000
Grad Research Asst (GRA) - PhD	01.XXXXX.82575.15.3XXXX.00000

* not allowed on Federal awards

- c. The maximum number of hours per week that any graduate classification can work is 20. A student may be appointed to more than one graduate job classification or regular student position, not to exceed a combined total of 20 hours.
- d. Typical assistantships are for one academic year and are not less than 10 hours per week. A separate appointment may be made for the summer session. Occasionally, assistantships may be for one academic quarter only.

3. Hiring Graduate Assistant Classifications on Federal Awards

- a. **Hiring a Graduate Grading Assistant (GGA) or a Graduate Technical Assistant (GTechA)** on a federal award requires a [Hire/Rehire Form](#) and a [Job Description Form](#) from Student Employment Office (SEO).
 - i. These students are **hourly** employees and their hours worked are entered into the Kronos time-keeping system.
 - ii. The PI is responsible for approving student hours.
 - iii. The signed and approved timecard serves as certification for Federal projects that require effort reporting.

4. **Graduate Research Assistants (GRA) are appointed** to either a Masters or PhD level and are NOT considered employees.

- a. GRAs receive a semi-monthly stipend paid through Accounts Payable.
 - i. A [GRA Payment Request Form](#) and a [Graduate Tuition Remission Worksheet](#) must be completed and submitted to SPA for approval. SPA will confirm that the charges are allowable on the award and will forward the approved forms to the appropriate departments.

- a) The PI certifies and authorizes the [GRA Payment Request Form](#).
- ii. Taxes are **NOT** withheld for GRA stipends and students will receive a Form 1099 at the end of the year.
 - a) The GRA or hiring department must attach a copy of the signed appointment letter that describes the tax implications of the appointment. The Financial Aid Office will provide these for Masters level appointments. The Dean of Graduate Studies and PhD director will provide them for PhD students.
 - b. Tuition remission is available for this type of appointment if budgeted by the sponsor. It also needs to be in direct proportion to their appointment. See the Tuition Remission section of this document.

For more information, see "[Processing Departments, Procedures and Forms](#)" on the Controller's web page.

I. Payments to GRA Classifications

Each graduate assistant classification has an associated pay rate or stipend range. The ranges are to applied consistently across all Graduate Assistants and the source of the funds cannot impact the amount paid, i.e. - operating funds vs. grant or contract funds.

1. GRAs are entitled to time off during break weeks and on holidays
2. Receipt of a federally-funded fellowship may impact Graduate Assistantship eligibility so it is a good practice to contact SPA before offering an assistantship

J. Postdoctoral Professional

Postdoctoral professionals are full-time RIT employees, typically hired for a 3-year period, who are entitled to standard benefits. Post Docs receive an annual salary which is charged to object code 70350.

1. Complete a new hire EAF and forward it to SPA for processing.

K. Effort Reporting

Uniform Guidance outlines that charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated. At RIT, our internal control structure includes an effort reporting statement which is incorporated into the official records, reasonably reflects the employees Institutional Base Salary and encompasses both federally assisted and all other activities compensated for.

1. The reports must reflect 100% of an individual's activities.

2. The reporting system must provide for after-the-fact confirmation or determination that the reported effort reasonably represents the actual effort expended on the project.
3. RIT follows the after-the-fact reporting method. SPA prepared Effort Reports (ERs) for each federal grant/contract and distributes them to PIs for certification.
 - a) ERs provide details of salary charges to sponsored projects and any related cost share project for the preceding academic term.
 - b) For hourly staff, including students, the signed timecard serves as the effort reporting tool and certification.
4. The PI or an individual with direct knowledge of the grant/contract activity must review and sign the ER and return it to SPA. SPA will maintain all records in accordance with federal regulations.
 - a) The individual is also certifying that salaries and wages charged to the sponsored agreement are reasonable in relation to the work performed.
5. Once certified, no further effort should be recorded for that time period.

L. Graduate Research Assistants

Uniform Guidance provides cost principles for institutions of higher education when charging salaries and wages to federally-funded projects. Similar to ERs, **Graduate Research Assistant (ERGs)** are signed and approved by the principal investigator, or other responsible official who is in a position to know whether the work was performed, to certify the salaries and wages of GRAs charged to federally-funded projects.

1. The reports must reflect 100% of a GRA's activity.
2. The ERG provides details of salary charges to sponsored projects and any related cost share project for the receding academic term.
 - a. The PI or an individual with direct knowledge of the grant/contract activity must sign the ERG and return it to SPA to be filed in the grant/contract file.
3. Tuition remission is subject to effort reporting requirements and PI certification using the ERG and is excluded from F&A charges.

NOTE: Definitions for each of the key words mentioned throughout this document can be found in the [Glossary](#) on the Sponsored Programs Accounting website.