
Effort Commitments

Objectives and Key Roles

- **Objectives**

- Define effort commitments and types of effort
- Accurately align effort commitments and payroll distribution
- Apply sponsor and institutional rules to manage changes in effort

- **Key Roles**

- Grant Accounting Office (GAO)
- Principal Investigator (PI)
- Department Administrator

Effort and Compliance

- **Definition of Effort:** The proportion of time spent on any activity, expressed as a percentage of total activity (100% effort).
- **Regulatory Foundation:** Governed by 2 CFR 200.430, which requires a system of internal controls to provide reasonable assurance that salary charges are accurate and properly allocated to awards.
- **The Golden Rule:** Federal awards are charged based on actual work performed, not just what was budgeted.
- **Compliance:** Effort is verified on an annual basis through effort certification.

Understanding Effort Commitments

- **Establishing Commitment:** A commitment is made during the proposal stage and becomes a binding obligation upon the issuing of the award.
- **Total Effort (100%):** Must encompass all compensated activities, including research, instruction, and administration; it is not based on a 40-hour work week. Effort is based on total activity and is expressed as a percentage.
- **Types of Effort:**
 - **Direct Effort:** Paid by the sponsor.
 - **Cost-Shared Effort:** Committed but not charged to the sponsor. Must be tracked and certified via a cost share account.

Connecting Commitment to Salary Charging

- **Direct Link:** Salary charges should reflect the actual effort expended during a given period.
- **Initial Distribution:** At the start of a budget year, salaries are distributed based on *expected* effort (the commitment).
- **Timing:** Salary distribution should begin concurrently with the start of the actual effort.
- **Accuracy:** If actual effort deviates significantly (typically defined as a variance of more than 3%) from the original distribution, the salary distribution must be adjusted.

Managing Changes in Effort

- **The "25% Rule":** Sponsors generally require prior written approval if the effort of a PI or key personnel is reduced by 25% or more from the original commitment.
- **No-Cost Extensions (NCE):** NIH requires measurable effort during a no-cost extension period. Other sponsors may question if effort is not charged during a no-cost extension period. Measurable effort is defined as 1%.
- **Meeting effort requirement:** Effort commitments must be met during the period of performance, which includes the no-cost extension period.

Managing Changes in Effort

Disengagement: Generally means either:

- Being away from the project for more than three months (for example, an extended leave or assignment elsewhere), or
- Reducing time and effort on the federal award by 25% or more from what was committed in the approved application/notice of award.

Either situation is treated as a change in key person status and triggers specific prior-approval and reporting requirements to the federal agency.

When is summer-only effort acceptable? Summer-only PI effort is allowable when the PI truly performs the work in the summer months, meets the committed annual effort, and the project's scientific and mentoring needs do not depend on AY presence and work.

Salary Caps and Agency-Specific Limits

- **NIH Salary Cap:** Ensure charges do not exceed the Executive Level II cap (adjusted annually; verify current rates via the NIH Salary Cap Summary).
- **NSF 2-Month Rule:** NSF generally limits salary compensation for senior personnel to no more than two months of their regular salary in any one year for all NSF grants.
- **K Awards:** Career Development Awards (CDA) often require a minimum 75% (9 person-months) effort commitment.

Academic Year Effort

- **Academic Year:** Represents a 9-month appointment. Academic appointments are usually assigned to Paygroup 8 and are paid in 12 monthly installments. Funding from sponsored projects is based on expected/actual effort during the academic year. The proportion of funding from sponsored projects is based on expected/actual effort during the academic year.
- **Effort and Proposals:** If a proposal budget is based on calendar months, the effort committed is considered part of the academic year appointment, unless otherwise stated in the budget justification or defined as summer within the sponsor's budget template.

Summer Effort

- **Summer Effort:** Represents the 3-summer months (mid-May to mid-August). Funding from sponsored projects is based on expected/actual effort during the summer. Effort should be paid during the period work is performed.
 - Avoid charging 1 summer month across 30 days.
 - This represents the faculty member worked **only** on this project during those 30 days
- **Effort and Proposals:** Summer salary must be specifically stated in the budget justification or defined as summer within the sponsor's budget template.

Common Pitfalls and Compliance Risks

- **Charging 100% to Grants:** Faculty generally cannot be appointed 100% on research grants because they must account for time spent on proposal writing, committee work, or teaching.
- **Budget Estimates:** Using budget estimates as the final documentation for charges is prohibited; "after-the-fact" actuals must be used. UI uses actual data to prepare effort reports for certification.
- **Late Adjustments:** Failing to post salary corrections in a timely manner (e.g., within 90 days) can trigger audits. Many sponsors do not allow adjustments after 90 days.

Summary and Best Practice

- **Monitor Monthly:** Review salary charges monthly against actual work performed as part of your reconciliation practice.
- **Documentation:** Maintain records of all effort changes, especially those requiring sponsor approval.
- **Communication:** Investigators must notify their business office of any significant changes in their research activities immediately. Departments may also want to check in several times a year to ensure appointments are correct.

References and additional information

- GAO website
 - gao.fo.uiowa.edu
 - [Charging Salary and Wages to Externally Sponsored Projects](#)
- Contact us
 - gao.fo.uiowa.edu/contact-us

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