

POLICY REGARDING COMMITMENT OF EFFORT IN FEDERALLY SPONSORED AWARDS

BACKGROUND

When proposals submitted by Caltech explicitly identify a quantifiable portion of effort to a federally sponsored project (e.g., in the narratives, budgets, or budget justifications of proposals), federal regulations consider such effort to be a binding commitment. If the proposal is awarded, the committed effort becomes an obligation of the Institute which must be tracked, certified and reported, even if the committed effort is not specifically stated in the award document.

Federal regulations further require the Institute to compare the commitment of effort on a project to the amount of salary charged to the project. In those situations where the level of effort committed by an individual is greater than the effort being reimbursed by the sponsor, the difference represents cost sharing by the Institute, which must be tracked, certified and reported, even if the cost shared effort is not explicitly described as such in the award document.

INCLUDING PRINCIPAL INVESTIGATOR (PI) EFFORT IN FEDERAL PROPOSALS

Proposals for federal funding should include a commitment of PI effort to the project commensurate with the level of effort that the PI intends to devote. It is Caltech policy that a commitment of at least 1% FTE for the PI effort be included in proposals. This requirement does not extend to:

- Grants for instrumentation or instrumentation development
- Dissertation support, training grants or other awards intended as “student augmentation”
- Limited purpose awards for example travel grants, conference support, etc

In accordance with sponsor instructions, effort should be shown on the Current and Pending Support portion of the proposal and should be consistent with commitments of effort stated elsewhere in the proposal. Since not all proposals are funded, it is possible to include commitments of more than 100% of total effort taking into account consideration of existing workload requirements and all outstanding proposals. However, in preparing proposals, PI’s must be careful not to over-commit themselves or others.

COST SHARING OF EFFORT ON FEDERAL PROPOSALS

If effort is committed in a federal proposal but there will not be a corresponding salary charge to the resulting award, that committed effort is deemed to be **voluntary committed cost sharing**. Federal regulations require that voluntary committed cost sharing must be tracked, documented and reported. Such commitments must be identified on the Divisional Approval Form (DAF) as for any other cost sharing. The Division Chair must expressly initial effort committed as cost sharing to acknowledge that the **F&A** incurred on such salary commitments will be met by non-federal funds. While **mandatory committed cost sharing** must also be specifically identified on the Divisional Approval Form, associated F&A on salary cost sharing is not required.

CHARGING EFFORT TO FEDERAL AWARDS

In general, salary should be charged in the way that effort was committed in the proposal (or adjusted for in the award) as long as the actual effort devoted is at least equal to the committed effort. For example, if 20% of PI effort was committed in the proposal then, if at least that much effort is devoted to furthering the scope of work, 20% of the PI’s salary should be charged to the award.

REDUCTIONS IN EFFORT ON FEDERAL AWARDS

Reduction by more than 25% of PI committed effort

If PI effort on an award is reduced by more than 25% of the committed effort, federal regulations require that **prior approval** be obtained from the sponsor. The PI (or their delegate) should work with OSR to obtain sponsor prior approval.

Reduction by less than 25% of PI committed effort

If effort on an award is reduced by less than 25% of the committed effort, the reduction in effort should be **formally documented** (via email or other written communication) and sent to OSR. Salary charged to an award should be commensurate with the effort devoted. Therefore, even if the reduction in effort reported is less than 25%, salary charged may not be more than the effort devoted.

DIFFERENCE BETWEEN EFFORT COMMITTED AND SALARY CHARGED TO FEDERAL AWARDS

Salary charged to award is less than effort committed

If the effort devoted is in line with effort committed but the salary charged to the award is *less than* the effort committed, the difference is **voluntary committed cost sharing**. A cost share account must be established to capture the cost shared salary and a non-federal funding source identified by the PI at the time of award for the related **F&A**. For the purposes of the F&A rate calculation such effort is included in the Organized Research base.

Salary charged to award is more than effort committed

Salary charged to the award may be more than proposed if the effort devoted is commensurate with salary charged. Generally such increased salary charges do not require prior sponsor approval (however, prior approval would be required if the increase is so significant that it potentially changes the scope of the award). If salary charged is more than *effort devoted*, a cost transfer must be processed to remove the excess salary from the award.

Effort devoted is greater than effort committed

Effort devoted that is greater than salary charged and effort proposed is considered **voluntary uncommitted cost sharing**. Such cost sharing does not have to be specifically tracked and certified. For the purposes of the F&A rate calculation such effort is included in the Instruction and Departmental Research base.

Additional information is available in Caltech's Payroll Distribution Reporting policy and Policy on Cost Sharing on Sponsored Projects.

ADDITIONAL INFORMATION AND DEFINITIONS

PI: For purposes of this document, the term “PI” or principal investigator, refers to an individual who will have responsibility for the design and conduct of the project. In most cases there is only one PI listed in the proposal, but there may be multiple PIs, who may also be known as co-principal investigators, or even co-investigators.

F&A: At Caltech, that portion of faculty salary not directly charged to sponsored awards is generally funded by the Provost’s Office. However, it is the PI’s responsibility to fund the F&A costs related to any voluntary committed salary cost sharing. For example, assuming a staff benefit rate of 25%, a PI with a salary of \$100,000 who commits 20% effort in a proposal but charges only 5% salary (\$5,000) to the award would result in voluntary committed cost sharing of \$18,750 (\$15,000 salary and \$3,750 in staff benefits). If the F&A rate applicable to the voluntary committed cost sharing on this award is 60.5%, the amount of related F&A is \$11,344 (60.5% x \$18,750). The Provost’s Office funds the \$18,750 in salary and benefit charges but the \$11,344, representing the F&A costs associated with the voluntary committed cost sharing, is funded by the PI.

Formally documented reductions in effort of less than 25% of the effort committed by the PI in the proposal should identify the original effort committed as well as the reduced effort actually devoted, including the time period for which the reduction is effective. Note that precise tracking of effort is not required, given the nature of scientific research and the nature of a PI’s duties it is expected that percentages of effort devoted will represent estimates because precise monitoring of effort is not possible. In particular, PI’s should consider average effort devoted to a project over the six month period commensurate with Payroll Distribution Reporting period (i.e. October – March and April – September).

Mandatory Committed Cost Sharing is cost sharing required by a sponsor as a condition of an award. Mandatory cost sharing results either from statutory requirements or from agency policy requirements.

Prior Approval: As defined by OMB Circular A-110, “prior approval” means written approval by an authorized official of the sponsoring agency evidencing prior consent.

Voluntary Committed Cost Sharing is defined as cost sharing that is not required by the sponsor but is offered by the PI as a demonstration of commitment to a project. Voluntary cost sharing included in a proposal is considered a formal cost sharing commitment once the award has been made. As such it must be tracked, documented and reported.

Voluntary Uncommitted Cost Sharing is defined as any contribution to a sponsored project above the amount that was committed. Uncommitted cost sharing does not have to be tracked, documented or reported.

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