

## Labor Verification FAQs

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## Labor Verification

### 1. What is Effort?

Effort is the proportion of time spent on professional activities such as research, teaching, administration, and service for which an individual is employed by the Institute or for which one is appointed as the Institute faculty member.

Effort does not include activities such as consulting that are conducted outside the terms of employment at the Institute or outside the Institute faculty appointment.

### 2. What is Labor Verification?

Labor Verification is a method of documenting the proportion of work time devoted to these professional activities as a percentage of total professional activity over a period of time.

Payroll and effort distributions are not the same thing. Payroll distributions describe the allocation of an individual salary per pay period, while labor verifications describe the allocation of an individual's activity to individual projects over a period of time. While the comparison of charged salary and percentage of effort needs to be made, it is important to remember that the effort on a project over a period of time may not match the individual's payroll allocation for a given pay period.

### **3. Why is Labor Verification Important?**

As a recipient of sponsored funds, the Institute must assure federal and other sponsors that the assignment of effort and associated salary and fringe benefit costs to projects they sponsor is fair, consistent, and timely. The Labor Verification Statement is the document that the Institute uses to confirm effort on externally sponsored projects.

Signed Labor Verification Statements are considered legal documents in which an individual attests to the accuracy of the effort spent on sponsored projects. Material inaccuracies in Labor Verification Statements result in the misallocation of costs to sponsored projects. An improper allocation of costs reported by internal, external or federal auditors may result in severe sanctions and cost disallowances assessed against the Institute.

### **4. Who is subject to Labor Verification Process?**

Every individual who devotes effort to sponsored activities, whether paid or unpaid, is subject to the Labor Verification process.

### **5. What is 100% effort?**

The total amount of effort expended to accomplish the professional activities of the Institute faculty, staff, and graduate students (regardless of the actual number of hours expended on those activities) is considered 100% effort. This normally includes all effort expended on sponsored research, administration, instruction, and service activities. 100 % effort is not defined as a single, standard number of hours or days per week, since it will likely be different for each person and may vary during the year. The number of hours implicit in an individual's 100% effort must be reasonable and supportable to department, school, institute and external reviewers, if requested.

### **6. Can the total effort listed on the Labor Verification Statement be less than or greater than 100%?**

No. The effort percentages on the Labor Verification Statement must total 100% - neither more nor less. All compensated effort must be accounted for; and the sum of the individual effort categories can neither exceed nor be less than 100%.

### **7. Are there some sponsored projects where I can report 0% effort?**

Individuals are expected to commit some level of (academic or summer) effort (>0%) on sponsored projects on which they are listed as a principal investigator or key personnel with the exception of equipment and

instrumentation grants, doctoral dissertation grants, student supplement grants, and institutional/individual training grants (for faculty mentors). The effort may be relatively minimal, but a principal investigator is expected to dedicate some time to the sponsored projects for which he or she is responsible.

### **8. Who should sign the Employee Effort Report?**

To ensure that the Labor Verification system reasonably reflects actual effort expended in the various categories during the reporting period, the person completing the Labor Verification Statement must be a person with first-hand knowledge of the effort expended. **Faculty must sign their own individual effort reports.** Labor Verification Statements for other employees must be completed and signed either by the employee, the principal investigator, or a responsible official (not a business manager) using a suitable means of verification that the reported effort was expended. It is generally not acceptable for this to be delegated to administrative staff as they do not possess first hand knowledge of the work performed and will, therefore, not have a suitable means of verifying the effort of principal investigators or others dedicating effort to sponsored projects.

### **9. How often are Labor Verification Statements completed?**

Labor Verification Statements are required for faculty, graduate students, and all administrative and professional employees paid or cost shared on sponsored projects. Reports are required for the following periods: August 15 through December 31, January 1 through May 15. Summer semester effort reporting (May 15 through August 14) is required only for a faculty member whose appointment is for the academic year (i.e., 9 months) and also conducts summer research.

### **10. What if my effort on an externally sponsored project changes?**

Faculty are required to review, modify as necessary, and certify that the effort percentages for themselves and their key personnel are reasonable estimates of the actual work performed. Federal guidelines and Institute policy recognize that the activities that constitute effort are often difficult to separate. Labor verification must often rely on a reasonable estimate of effort, and when estimating, a degree of tolerance is appropriate.

Certified Labor Verification Statements assert that the information represented is to the best of the certifier's knowledge, accurate and complete. Changes to previously certified effort erode the credibility of the certifier as well as the entire verification process. For these reasons, changes to a certified labor verification statement are not allowed except in limited circumstances, which require extensive documentation as to why the effort was originally certified incorrectly. Likewise, it is important for administrators to complete known salary redistributions

before the labor verification statement is certified, since changes to payroll distribution that contradict certified labor are not allowed after certification.

#### **11. How do I report cost-sharing of effort?**

The Labor Verification Statement includes cost shared as well as effort direct charged.

#### **12. How long should departmental copies of Labor Verification Statements be kept?**

Research Administration & Finance (RA&F) is responsible for retaining the signed/certified Labor Verification Statements (either hardcopy or electronically signed versions), based on federal record retention guidelines. RA&F strongly recommends that departments retain signed/certified Labor Verification Statements for a period of three years from the close-out of the project (six years for state sponsored awards).

#### **13. What kind of documentation or supporting evidence is needed as back-up to the Labor Verification Statement?**

This can vary as a function of the individual and department and whether they are engaged in activities other than externally sponsored research. Examples of the types of documentation that could support the Labor Verification Statement include the appointment letters, personal schedule, class schedules, and other documents that could support effort expended on research projects. These supporting documents should be kept in accordance with #12 above.

#### **14. Is training available for the Labor Verification process?**

Yes, workshops and seminars about the Labor Verification process are provided throughout the year. RA&F should be consulted with any specific questions concerning the process. Departments may request training at any time.