

**Kansas State Department of Education  
Special Education Time and Effort  
Standards for Charging Employee Compensation to Federal Grants**

The Office of Management and Budget's (OMB) Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, establishes standards for charging fair and appropriate employee compensation to federal grants and subgrants. These standards are summarized in this attachment.

**Applicability**

These standards are required for all federal financial assistance awards. Consequently, the requirements apply to all federal grant programs of the district regardless of whether they are received by the district directly from a federal agency or passed through KSDE, another state agency, a service center, interlocal or any other organization. The standards apply to employee compensation for employees whose salaries and wages are charged directly or indirectly to federal awards, or are used in meeting cost sharing or matching requirements of federal awards.

**Basic Requirements**

Under federal requirements, all employee compensation charged to federal grants must be reasonable, necessary and allowable activities of the grant program. Such compensation must also be consistent with that charged for similar work in other activities of the district. Payments for unused leave when an employee retires or terminates employment may not be charged directly to federal awards, but may be recovered as an overhead cost of the district through the indirect cost recovery process.

With few exceptions, education grants are subject to statutory provisions which require that federal funds supplement and not supplant nonfederal funding sources. The primary impact of these nonsupplant requirements to employee compensation is that the costs of compensation for administrators responsible for the overall governance and direction of an organization generally, may not be charged to federal education grants. For the most part, administrative positions of superintendents, assistant superintendents, building principals and assistant principals, and their support staff would exist whether or not the district received federal funds, therefore the related costs must be paid for from non-federal funds. (Principals and assistant principals included in a building's Schoolwide Plan are an exception to this general guidance. Schoolwide fund sources may only be charged for time spent in the conduct of duties and responsibilities covered by the Schoolwide Plan, provided such charges are supported by time and effort documentation.)

Any employee compensation charged to federal grants must be supported by auditable documentation that meets the standards of OMB Circular A-87. Such documentation includes payroll records in accordance with the practice of the district. The percentage of costs of an employee's salaries and wages charged to a federal award may not exceed the percentage of time the employee actually worked on the allowable activities associated with the award. The Circular requires written and certified, after-the-fact documentation of how each employee spent

their compensated time. This additional documentation is commonly referred to as “Time and Effort Reporting.”

### **Time and Effort Reporting**

The time and effort reports will vary based on the number of “cost objectives” to which an employee’s time is charged. Time and effort documentation is required for each separate cost objective. A cost objective is defined as the work activities that are allowable under the terms and conditions of the funding source. Generally, a specific federal title or program will have a one-to-one relationship with a cost objective. However, under certain circumstances, a federal title or program may relate to more than one cost objective. In addition, more than one program may be combined into a single cost objective. Further explanation and examples are provided in the “Examples of Cost Objectives” section.

### **Documentation Standards**

There are two types of time and effort reports: one that documents single cost objective and one that documents multiple cost objectives. Employees expected to work on a *single cost objective* of a federal program must use semi-annual certifications, completed at least every six months that they worked solely on the activities of that cost objective. Employees expected to work on *multiple cost objectives* must prepare and sign a personnel activity report (PAR) or equivalent documentation at least monthly.

Semi-annual certifications and Personnel Activity Reports (PARs) or equivalent documentation, such as timesheets, should meet the following standards:

• **Semi-Annual Certifications** must:

- State that the employee worked solely on activities related to a particular cost objective for a specified period of time, identify the cost objective and specify the reporting period covered.
- Be signed and dated by the employee or a supervisor with first-hand knowledge of the work performed at least semi-annually, after the work has been completed.

• **PARs** or equivalent documentation must:

- Account for the total activity for which each employee is compensated (i.e., all hours worked, not just the hours worked on a federal award).
- Be prepared at least monthly and coincide with one or more pay periods.
- Be signed by the employee (districts may want to also require a supervisor signature for internal control purposes).
- Reflect an after-the-fact distribution of the actual work activity of each employee.

### **Estimated vs. Actual Reporting**

Employee salaries and wages may be assigned to federal grants initially on the basis of budget or other estimated distribution percentages, determined before the services are performed. The method used to establish the estimates should produce reasonable approximations of the actual employee time distributions that are subsequently reported. Estimates do not qualify as PARs and may not be used in lieu of time and effort reports. When estimates are used; districts must compare actual costs based on monthly time and effort reported, to the estimates used for coding payroll expenditures. This must occur at least quarterly.

If the comparison shows that the difference between costs based on actual time reported, and payroll expenditures based on estimated time is 10 percent or greater, the district must do two things. First, it must adjust the accounting records to reflect costs of the reported actual time. Second, in order to minimize future differences, the estimated distributions used to charge payroll for the following quarter must be changed to reflect the reported actual distributions of the previous quarter. If the comparison shows the difference to be less than 10 percent, the district is not required to adjust payroll expenditures until the end of the year.

At the end of the fiscal year, *all differences must be adjusted* so the final accounting records reflect costs of the actual time worked and reported by staff for each federal cost objective for the year. This year-end adjustment must be done even if quarterly differences between estimated and actual time never exceed 10 percent. Individual employee variances may be aggregated for each federal award, and the accounting records adjusted by the net change if the district prefers.

### Examples of Cost Objectives

#### **A federal award is equal to a single cost objective:**

**Example:** A teacher providing only special education services 100 percent of the day is charged 100 percent to IDEA Special Education, Part B.

**Time and Effort Reporting Required:** Semi-annual certification.

#### **A federal award and state award equal multiple cost objectives:**

**Example:** A teacher provides services to students under Federal IDEA Part B, 60 percent of the time and to students under the state bilingual program 40 percent of the time. Since the services are not the same, two cost objectives are reported.

**Time and Effort Reporting Required:** PAR or equivalent, at least monthly.

#### **Two separate federal programs equal a single cost objective:**

**Example:** A teacher spends all of the time providing special education services. His salary is budgeted and charged 50 percent to federal IDEA, Part B and 50 percent to State or Local Special Education Funding. Since there is no difference in the activities funded by the two fund sources (i.e., teaching activities for this population of students are allowable costs to both programs), the teacher reports all time to a single cost objective.

**Time and Effort Reporting Required:** Semi-annual certification.

**Two separate federal programs as multiple cost objectives:**

**Example:** A paraprofessional provides services as follows: 50 percent to special education students under federal IDEA, Part B and 50 percent to Title I students under Title I, Part A. Since the two fund sources are intended for different purposes, the paraprofessional reports to two cost objectives.

**Time and Effort Reporting Required:** PAR or equivalent, at least monthly.

**Schoolwide Plans**

A Schoolwide Program is considered to be a single cost objective. Therefore, any school building employees who work solely on activities and allowable fund sources specifically listed in the building’s Schoolwide Plan as included in the building’s Schoolwide Program and are charged to that program, may comply with time and effort requirements through semi-annual certifications. In lieu of collecting individual staff certifications, the building principal may prepare and sign a group semi-annual certification that lists all staff who worked solely on the Schoolwide Program for the period of the certification.

For the purposes of time and effort reporting, time worked on Schoolwide activities and fund sources should be combined under one cost objective entitled “Schoolwide Program,” rather than coded to individual fund sources within the Schoolwide Program.

**Supplemental Contracts, Stipends, and Extra Hours**

OMB Circular A-87 requires time and effort reporting to account for the total activity for which each employee is compensated. There is no minimum pay level below which the employee time and effort requirement is waived. However, activities performed under a supplemental contract, stipend, or authorization for extra hours are over and above the scope of the employee’s normal employment contract or agreement. Therefore, for purposes of reporting time and effort, primary employment contracts or agreements and these additional employment contracts or agreements may be considered separately.

**Example 1:** Under a regular contract a teacher works only on general education and is charged only to state funds. No time and effort reporting is required for this teacher under the primary employment contract because compensation earned under the contract is not charged to any federally-funded cost objective

**Time and Effort Required:** None.

**Example 2:** Using the example above, the teacher enters into a supplemental contract with the district to provide one hour of special education supplemental instruction after school each day. This work is charged to federal IDEA Part IV-B funds. For time and effort purposes, the supplemental contract and regular contract are considered separately. The teacher reports time and effort only for the work performed under this supplemental contract.

**Time and Effort Required:** Semi-annual certification for supplemental contract only.

Following are some suggestions for documenting time and effort for supplemental contracts, stipends, and extra hours.

- Sign-in/attendance logs approved by a program director may be used as time and effort documentation for extra hour pay related to a single cost objective
- Employee time/pay slips that specify the cost objective and are approved by the supervisor may be used as time and effort documentation for extra hour pay.
- A signed supplemental contract or stipend that stipulates specific single cost objective work activities may only be used as time and effort documentation as long as the employee and/or immediate supervisor provides an after-the-fact certification that the work was performed.
- Multiple cost objective supplemental contracts/stipends must be supported by employee time and effort records documenting actual time spent on each objective (e.g., a supplemental contract to administer a summer school program serving eligible Title I and special education students may be charged to Title I and special education funds only to the extent that such pay is supported by a time and effort report of actual hours worked on each program).

**Certification of Time**  
**Sole Source of Funding**

Federal rules require employees whose salaries are paid from a single federal program file written documentation at least twice a year certifying that the employees actual duties are consistent with the specific federal program requirements from which their salaries are paid. The signed forms should be kept on file with the district's Human Resource Department.

Employee's Name \_\_\_\_\_ Date \_\_\_\_\_

District # \_\_\_\_\_ District Name \_\_\_\_\_

School \_\_\_\_\_ Social Security # or Employee # (opt'l) \_\_\_\_\_

Check: \_\_\_\_\_ First Semester \_\_\_\_\_ Second Semester

Check: \_\_\_\_\_ Full Time \_\_\_\_\_ Part Time

Job Title: \_\_\_\_\_ (i.e. teacher, parent liaison, paraprofessional)

Check from which federal program your salary is paid:

\_\_\_\_\_ Title VI-B IDEA Federal Funds

\_\_\_\_\_ Other—Specify which program: \_\_\_\_\_

I agree that the job duties to which I am assigned and engaged support the activities in the one federal program identified above.

Employee's Signature \_\_\_\_\_

or

Supervisor's Signature \_\_\_\_\_

(Who has first hand knowledge of the work performed)

Time and Effort Log—Personnel Activity Report

Federal rules require employees paid from a combination of funds, of which one fund is a federal program, must maintain time and effort distribution records in accordance with OMB Circular A-87.

<p><b>Instructions:</b> Complete this form to show how much time you spent each day on activities related to each program or funding source through which you're paid. At the end of the month, total the number of hours for each program and calculate the percentage of time you've spent on each one. Then sign at the bottom of the sheet to certify that the total time is accurate. Finally, forward the time sheet to your supervisor for certification and processing along with backup documentation (for example, copy of pages from daily planner).</p>
<p><b>Step #1:</b> Beginning with the second column, list one funding source or grant program to which your salary is charged during the time period covered by the form. Enter a separate funding source in each column. (i.e. Title I, general fund) If you do not know the funding sources from which you are paid, contact your Human Resource Department, Board Clerk or Superintendent's Office for that information.</p>
<p><b>Step #2:</b> For each day of the month listed in the "Day" column, enter the number of hours you devoted to each of the programs you listed in Step #1. If the date falls on a weekend or holiday, indicate that.</p>
<p><b>Step #3:</b> For each day of the month listed in the "Day" column, enter the combined number of hours you spent on all programs in the last column ("Totals").</p>
<p><b>Step #4:</b> At the end of the month, add the numbers in each column and enter the total on the line that says "Total." When added together, the total number of hours you spend on all of the programs must equal the number at the bottom of the "Totals" column.</p>
<p><b>Step #5:</b> Divide the number on the total line in each column by the number on the total line of the last column, then multiply by 100. This tells you the percentage of time you have spent on each program. Enter the percentages on the bottom line of the form.</p>
<p><b>Step #6:</b> Add together the percentages you calculated for each program in Step #5 to make sure they equal 100 percent. If they don't, review Steps #2 through #5 to check for mathematical errors.</p>
<p><b>Step #7:</b> Sign your completed form.</p>
<p><b>Step #8:</b> Submit the original form, along with any backup documentation your district requires, to your supervisor, and keep a copy for your own records. Do <b>not</b> send a copy to KSDE.</p>

**PERSONNEL ACTIVITY REPORT—Time and Effort**

Employee’s Name \_\_\_\_\_

Social Security # or Employee # \_\_\_\_\_ Pay Period Dates \_\_\_\_\_

DAY	Funding Source 1 <u>Part IV-B</u>	Funding Source 2	Funding Source 3	Funding Source 4	TOTALS
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
TOTALS					
%					

Must be signed and dated by the employee. Districts may also require supervisor signature.

Employee’s Signature \_\_\_\_\_ Date \_\_\_\_\_

Supervisor’s Signature \_\_\_\_\_ Date \_\_\_\_\_