

## What the Law Says

Federal funds can be a critical resource for districts to increase capacity and provide support to schools paying for extra reading coaches, dual language specialists, parent engagement specialists and many other positions. As districts consider the staffing supports necessary to meet the unique strengths and needs of their students and the communities they serve, they need to maintain documentation that captures when any part of an employee's salary is charged to a federal program.

## What it Means

Employees paid with federal funds must track and formally document their time and effort. Districts must have a system for documenting and reporting the time of staff paid out of federal funds<sup>1</sup> which includes:

- Full time and part time employees;
- Stipends\* paid from federal funds that are considered salary expenses; and
- Substitute teachers\*.

*\*For additional details on stipends and substitute teachers please see the FAQ section of this brief.*

Time and effort reports should be prepared by **all certificated and classified staff** with salary and benefits that are charged:

- to a single federal award;
- to multiple federal awards; or
- to any combination of a federal award and other federal, state or local fund sources.

## Requirements for Systems of Time and Effort

Charges to federal awards for salaries and wages must be based on accurate records systems. Those systems must meet the following requirements regarding time and effort outlined in the Uniform Grants Guidance (UGG)<sup>2</sup>:

1. **Maintain a system of internal controls.** Records should be supported by a system of internal controls which provides reasonable assurance that charges are accurate, allowable, and allocable. Signatures and affirmations are good examples of internal controls. Districts may establish processes for gathering electronic signatures to meet time and effort documentation requirements.
2. **Incorporate documentation into official records.** There is no federal standard that must be met for these records, but LEAs must maintain and follow a formal process for time and effort. Written policies and procedures are essential to implementing an effective time reporting system. Instructions should be developed for: 1. the completion of time and effort reporting; 2. the approval cycle that is required; 3. the processing of personnel charges to federal awards; and 4. the internal review process that will be established to ensure effective internal control over the Federal award.

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<sup>1</sup> 2 C.F.R. Part 200.430(i)

<sup>2</sup> 2 C.F.R. Part 200.430(i)

3. **Reasonably reflect total activity for which the employee is compensated.** Time and effort documentation of employee work distribution should not equal more than 100% of the activities for which they are compensated.
4. **Encompass all activities in time and effort documentation.** The documentation must reflect the **actual time spent** by the employee on activities of the federal program(s) being charged. 100% of effort must be recorded regardless of federal vs. non-federal time. This applies whether documentation is for a part-time or full-time employee.
5. **Comply with established accounting policies and practices.** Districts should ensure salary expenses are tracked and that reconciliation processes follow internal accounting practices.
6. **Track time by cost objective.** Records should show that federal funds are used to pay for specific **cost objectives** required by the program, and should reflect how activities are charged to federal grants. Some examples of cost objectives for Title I programs might include administrative costs, equitable services, and parental involvement.

### Identifying Cost Objectives

Time and effort is not based on how you are paid (funding source), but on the work that you do (cost objectives). A **cost objective** is a set of work activities allowable under a particular funding source or sources.

A **single cost objective** is a single function, grant, or activity for which cost data is needed. Examples include:

- *A teacher who spends 100% of their time providing only schoolwide program services under Title I-A.*
- *A school-based staff member in a Title I-A schoolwide school is assigned to work full-time on providing professional development to teachers as part of the school's overall improvement plan. The staff member's salary is budgeted and charged 50% to Title I-A and 50% to a federal School Improvement Grant. **Since the district could support the teacher's entire salary with either funding source it is a single cost objective.***
- *A counselor funded 50% out of Title IV-A and 50% out of General Funds.*

It is possible to work on a single cost objective even if an employee is paid from more than one Federal award, or from a Federal award and a non-Federal award. The key to determining whether it is a single cost objective is whether the employee's salary and wages can be supported **in full** from each of the Federal awards on which the employee is working.

A **multiple cost objective** is when an employee works on more than one function, grant or activity; **AND** the activities performed may not be considered a single cost objective. Examples include:

- *A teacher who provides instruction to students 50% of the time (General Funds) and spends the remaining 50% as a TOSA providing professional learning to teachers (Title II-A).*

- *A Title I-A coordinator who spends 20% of their work time on administrative tasks and 80% providing supplemental instructional services directly to eligible students.*

### Documenting Cost Objectives

Regardless of whether an employee works on a single cost objective or multiple cost objectives, time and effort documentation should:

- reflect an after-the-fact documentation of the activity of the employee;
- account for the total activity for which each employee is compensated; and
- be affirmed by the employee and/or supervisory official having firsthand knowledge of the work performed by the employee.

Districts should have stronger controls to allocate salaries for employees working on multiple cost objectives, rather than single cost objectives. Accordingly, for employees working on multiple cost objectives, districts may want to maintain documentation allocating work among those cost objectives on a monthly basis; whereas for employees working on single cost objectives, districts may want to maintain documentation on a semi-annual basis.

**The requirement is a system of internal controls that ensures salaries are allocable to the grant.** The details on how frequently documentation must take place, what signatures needed, etc. all depend on that system of internal controls and may look different from district to district and position to position.

### Recommendations for Practice

- **Use a format that works for you.** Time and effort documentation can be electronic. Consider processes the district already has in place to which time and effort documentation can be added.
- **Assign responsibility for supervision of time and effort.** Regardless of the number of staff paid out of federal funds, it is important to identify individuals responsible for certifying that time and effort recorded is accurate and based on their own firsthand knowledge, allowable, and submitted in a timely fashion. This should also include ensuring that certification of work does not happen until after the work is completed.
- **Educate employees.** Explain the importance of accurate reporting of time and effort and train staff on district reporting and tracking systems. This ensures that the system is well understood and helps safeguard against confusion and errors.
- **Establish a routine.** A regular schedule for submission of time and effort documentation will improve accuracy and assure that the necessary documentation can be provided when asked.
- **Plan for sustainability.** Because federal funding is not guaranteed to be stable from year to year, it is recommended that positions be funded with sustainability in mind so that staffing is not disrupted when allocations fluctuate.

## Questions for Reflection

1. Who is assigned to oversee our district system for documenting time and effort?
2. What processes does our district already have for documenting employee activity?
3. How do we communicate with staff regarding timelines and processes for documenting time and effort?
4. How does our district's utilization of staff time align with the district/school's strategic goals?

## Frequently Asked Questions

1. **Why are time and effort reports needed?** Time and effort reports are required to document that federal funds were charged only for time actually worked on allowable cost activities and, to ensure that federal programs paid only their proportionate share of personnel costs.
2. **Who is required to prepare time and effort reports?** Time and effort reports should be prepared by all certificated and classified staff with salary and benefits that are charged:
  - Directly to a single federal award
  - Directly to multiple federal awards
  - Directly to any combination of a federal award and other federal, state or local fund sources

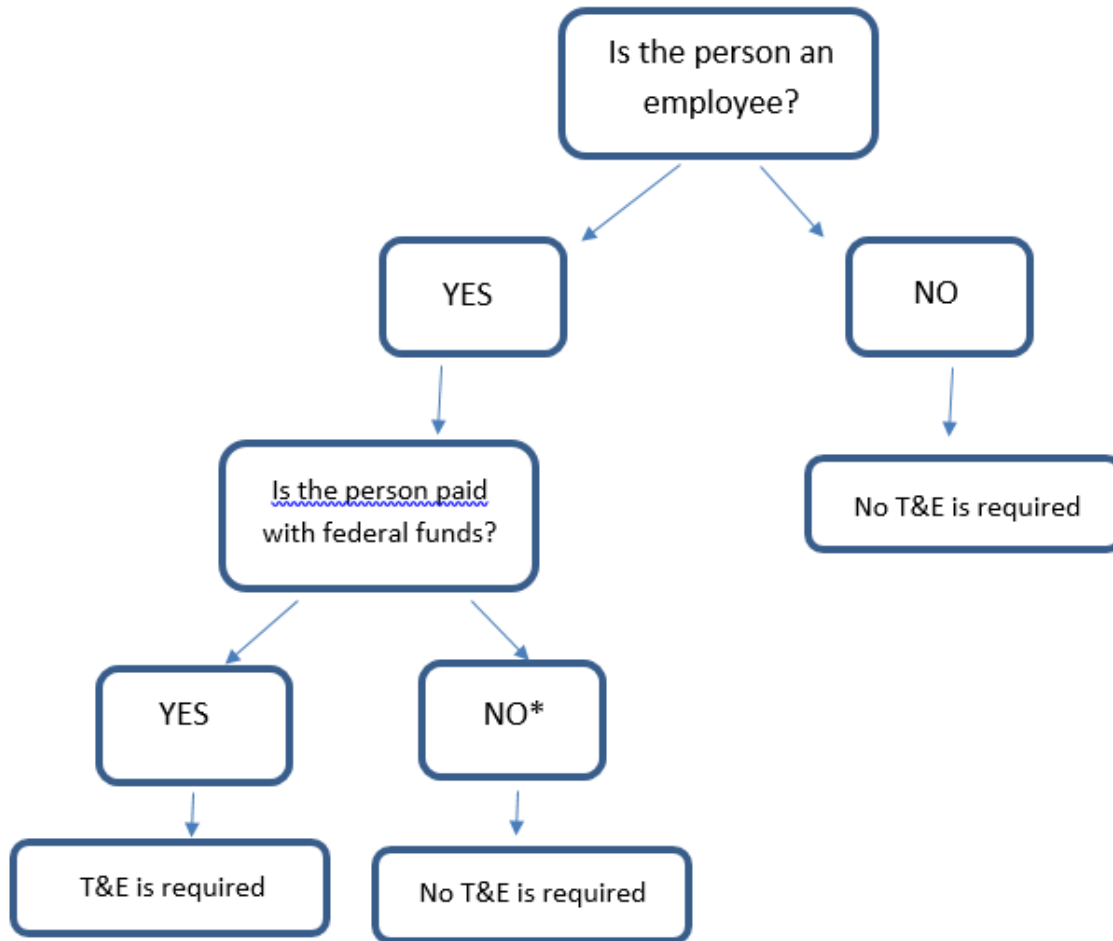
**It is important to note** that time and effort requirements and reporting apply to both certified and classified staff paid in any part with federal funds.
3. **What determines the frequency in which employees should report on time and effort?**  
In general, to ensure appropriate internal controls over compensation, if an employee has a variable schedule and works on multiple cost objectives, the employee should report their time more frequently, such as **monthly**. If salary and benefits are charged directly to a single cost objective, time and effort may be reported less-frequently, such as **semi-annually**. Ultimately, the frequency in which employees report their time in effort is determined by district policy.
4. **Are electronic signatures acceptable for time and effort reporting?** Electronic signatures are permitted so long as adequate security is in place to ensure their validity.
5. **How long should districts keep time and effort documentation?** It is recommended that districts keep documentation for at least five years due to the statute of limitations requirements under General Education Provisions Act.
6. **Is time and effort required for vendors or contractors paid with federal funds?**  
No. Time and effort requirements as outlined in this document apply only to employees. Contractors should check with their employers to see what timekeeping or administrative requirements apply.

7. **When do substitutes need to be included in time and effort documentation?** There are a number of situations in which substitute costs can be charged to federal funds such as releasing teachers to participate in Title II-A funded professional development or covering absences of Title I-A funded teachers. If the substitute is an employee of the district and any part of their salary is paid with federal funds then time and effort should be documented. Regardless of whether substitutes are employees, the district should have a policy that describes how it allocates costs, including substitutes, to federal programs.
8. **Is time and effort required for stipends, supplemental contracts, and or/extra hours charged to federal awards?** Yes. Any salary expenses charged to federal funds are subject to time and effort documentation.
- Sign-in/attendance logs coupled with an agenda or identification of the activity may be used as time and effort documentation for extra hour pay related to a single cost objective (e.g., pay for math/science training charged to Title II-A).
  - A signed supplemental contract that stipulates a specific single cost objective duty/assignment may be used as time and effort documentation (e.g., pay for supplemental, after school reading instruction charged to Title I-A).
  - Multiple cost objective supplemental contracts/ stipends should be supported by time and effort reports documenting actual time spent on each objective.
  - Additional materials should be kept (e.g., brochures or event descriptions for professional development activities, lesson plans for Extended School Year (ESY)/summer school, etc.) to document the allowability of the expenditures.
9. **Can administrators charge time to federal programs?** Yes and no. Federal program directors may charge time to federal programs as long as they maintain time and effort documentation reflecting actual time worked on each federal and state program under their supervision.
- Chief Executive Officials (superintendents and assistant superintendents and support staff for these individuals) are considered a general government cost and generally may not charge time to federal awards (pursuant to the supplement, not supplant provision). The only exception to this rule is when any such official has specific program administration or direct student service duties and documents actual time spent in the performance of those duties by completing monthly time and effort records.
10. **What happens when budgeted time does not match employee effort?** An integral part of the system of internal controls over time and effort is promptly identifying significant changes in the budgeted work activity.<sup>3</sup> If employees are not working as expected, then districts must resolve the issue by either: (1) changing the activities that are assigned to the employee to ensure alignment with the budget (a program fix); or (2) changing the funding sources to align with the employee's work (a fiscal fix). It is important that districts meet with both programmatic and fiscal staff to determine the best course of action.

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<sup>3</sup> 2 CFR 200.430(i)(1)(viii)

Decision Tree for Time & Effort



*\*Time and Effort documentation **is required** if using non-federal funds to contribute to a federally required salary match.*

Resources

- [Cost Allocation Guide for State and Local Governments](#) (U.S. Department of Education)
- [Code of Federal Regulations](#)
- [Oregon Federal Funds Guide](#) (ODE)
- [Sample Time and Effort Reporting Form](#) (ODE)
- [Tracking Time Takes Effort](#) (Brustein & Manasevit, PLLC)