

Sent September 16, 2013

Title I, Part A Coordinators:

Attached is guidance issued by the U.S. Department of Education regarding alternate methods for documenting employee time and effort. Included in the attachment is a memo outlining the alternatives and a set of enclosures with examples and definitions of applicable terms. Please read the information, and if your district chooses to use an alternate method for documenting time and effort, ensure that the guidelines are followed as issued. Please be aware that districts are not required to use an alternate method and may continue to document time and effort using semiannual certifications or personal activity reports as applicable. Samples of these forms can be found on page 167 in the Title I, Part A Handbook [here](#).

## **Perry, Teresa - Office of the Commissioner of Education**

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**From:** Smith, Jody - Office of the Commissioner of Education  
**Sent:** Friday, September 07, 2012 2:45 PM  
**To:** Perry, Teresa - Office of the Commissioner of Education  
**Subject:** FW: Actions to Ease the Burden of Time-and-Effort Reporting  
**Attachments:** 12-0435.Enclosure A.doc; 12-0435.Enclosure B.doc; 12-0435.Enclosure C.doc

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**From:** Honeysett, Adam [mailto:Adam.Honeysett@ed.gov]  
**Sent:** Friday, September 07, 2012 2:39 PM  
**Subject:** Actions to Ease the Burden of Time-and-Effort Reporting

September 7, 2012

Dear Chief State School Officer,

Last October, the U.S. Department of Education (Department) published a blog post entitled "Granting Administrative Flexibility for Better Measures of Success," in which we solicited recommendations for proposals that could help reduce the burden of time- and-effort reporting required under 2 C.F.R. Part 225 (formerly Office of Management and Budget (OMB) Circular A-87). Although time-and-effort reporting is important in ensuring that Federal program funds are used to pay only their proportionate share of personnel costs, State and local educational agencies have repeatedly expressed concerns that the documentation requirements are overly burdensome. Thus, we were particularly interested in ideas that could reduce this burden while also ensuring that the overall objective of time-and-effort reporting continues to be met.

Based upon the feedback received from the blog post, I am writing to make you aware of two actions the Department is taking to ease the burden of time-and-effort reporting. First, the Department is offering the opportunity for State educational agencies (SEAs) to establish a substitute system for time-and-effort reporting (see Enclosures A and B), which SEAs may implement with respect to their employees and their local educational agencies (LEAs) beginning with the 2012-2013 school year. Additionally, we are providing guidance to clarify the meaning of a "single cost objective" under OMB Circular A-87 (see Enclosure C), consistent with informal advice we have been providing in particular situations. We believe the combination of these actions will provide welcome relief to SEAs and LEAs whose employees currently must fill out monthly personnel activity reports (PARs).

A more detailed description of the two actions follows.

### *Substitute System for Time and Effort for Employees Supported by Multiple Cost Objectives*

Under OMB Circular A-87, time-and-effort documentation for an employee whose salary is supported by only one Federal program or cost objective may be prepared on just a semiannual basis or the requirement may be satisfied by other simplified means. Employees supported by multiple cost objectives, however, must provide a monthly PAR or equivalent documentation supporting their time and effort. In practice, however, many of the individuals submitting monthly PARs may have schedules that do not change from week to week, meaning that they carry out the same duties for the same amount of time each pay period and thus submit the same documentation every month.

OMB Circular A-87 authorizes the use of substitute systems for allocating salaries and wages to Federal awards in place of PARs, subject to the approval of such systems by the cognizant Federal agency. Consistent with this authority, we are permitting all SEAs to implement a substitute system for time-and-effort reporting. As described in greater detail in Enclosure A to this letter, under the substitute system an SEA would be permitted to allow an LEA to use alternative documentation — such as a teacher’s course schedule — instead of PARs to document the time and effort of an individual who works on multiple activities or cost objectives but does so on a predetermined schedule. An individual documenting time and effort under the substitute system would be permitted to certify time and effort on a semiannual basis, provided the LEA’s substitute system meets the requirements detailed in Enclosure A. An example of what such a certification might look like is included in Enclosure B.

*Single Cost Objective*

The criteria for whether an employee may document time and effort using a semiannual certification or must fill out a monthly PAR can be confusing. As noted above, an employee who works on a single Federal program or cost objective needs to file only a semiannual certification as the basis for time-and-effort documentation. On the other hand, an employee must complete a PAR if he or she works on multiple activities or cost objectives. For example, a PAR is generally required if an employee works on more than one Federal program or a Federal program and a non-Federal program. It is possible, however, for multiple programs to have the same cost objective, which creates confusion over whether the presence of a single cost objective or being funded by multiple programs should determine what time-and-effort documentation an employee must complete.

To provide greater clarity on this issue, Enclosure C clarifies the definition of a “single cost objective” and provides examples to assist grantees in understanding the issue. This additional information should reduce confusion concerning the requirements for preparing a PAR versus a semiannual certification and reduce burden for an employee who works on a single cost objective but is paid from multiple sources.

The Department appreciates the comments and suggestions submitted in response to our October 2011 blog post. Moreover, we hope that the steps the Department is taking in response to that feedback will help ease the burden of time-and-effort reporting and provide helpful clarification regarding the type of documentation employees supported by Federal funds must submit.

Sincerely,

Thomas P. Skelly  
Delegated to Perform Functions and Duties of the Chief Financial Officer  
U.S. Department of Education

## Enclosure A

### **Time-and-Effort Reporting – Substitute System**

State educational agencies (SEAs) are authorized to approve local educational agencies (LEAs) to use a substitute system for time-and-effort reporting in accordance with the following guidelines. In permitting an LEA to use the substitute system, the SEA must obtain from the LEA a management certification certifying that only eligible employees will participate in the substitute system and that the system used to document employee work schedules includes sufficient controls to ensure that the schedules are accurate. Additionally, the certification must include a full disclosure of any known deficiencies with the system or known challenges with implementing the substitute system. This certification may be used by auditors and SEA oversight personnel when conducting audits and sub-recipient monitoring of the substitute time-and-effort system.

#### System Guidelines

- (1) To be eligible to document time and effort under the substitute system, employees must –
  - a. Currently work on a schedule that includes multiple activities or cost objectives that must be supported by monthly personnel activity reports;<sup>1</sup>
  - b. Work on specific activities or cost objectives based on a predetermined schedule; and
  - c. Not work on multiple activities or cost objectives at the exact same time on their schedule.
- (2) Under the substitute system, in lieu of personnel activity reports, eligible employees may support a distribution of their salaries and wages through documentation of an established work schedule that meets the standards under section (3). An acceptable work schedule may be in a style and format already used by an LEA.
- (3) Employee schedules must:
  - a. Indicate the specific activity or cost objective that the employee worked on for each segment of the employee's schedule;
  - b. Account for the total hours for which each employee is compensated during the period reflected on the employee's schedule; and
  - c. Be certified at least semiannually and signed by the employee and a supervisory official having firsthand knowledge of the work performed by the employee.

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<sup>1</sup> See Enclosure C for a definition of a personnel activity report.

- (4) Any revisions to an employee's established schedule that continue for a prolonged period must be documented and certified in accordance with the requirements in section (3). The effective dates of any changes must be clearly indicated in the documentation provided.
  
- (5) Any significant deviations from an employee's established schedule, that require the employee to work on multiple activities or cost objectives at the exact same time, including but not limited to lengthy, unanticipated schedule changes, must be documented by the employee using a personnel activity report that covers the period during which the deviations occurred. States should put forth guidelines and examples for what constitutes a significant deviation from an employee's established schedule that would warrant an individual reverting to a personnel activity report.

**Sample Employee Certification and Schedule**

**Enclosure B**

**Example Substitute System Time-and-Effort Certification – Employee with Fixed Schedule**

Employee: Jane Doe

Position: Instructional Assistant

School: Lincoln Elementary

**Certification Period:**

**8 / 15 / 2012 to 2 / 15 / 2013**

**Type of Schedule:**

Daily

Weekly

Biweekly

Other: \_\_\_\_\_

<b>Program or Cost Objective</b>	<b>Distribution of Time</b>
Title I, Part A – Improving the Academic Achievement of the Disadvantaged	42%
IDEA, Part B – Federal Special Education	13%
State or Local	45%
<b>TOTAL</b>	<b>100%</b>

I certify that I performed work consistent with the attached schedule and as distributed in the above percentages during the Certification Period.

Jane Doe  
Employee Signature

2/20/2013  
Date

I certify that I have firsthand knowledge that the above employee performed work consistent with the attached schedule and as distributed in the above percentages during the Certification Period.

Mary Smith  
Supervisor Signature

2/21/2013  
Date

## Sample Employee Certification and Schedule

### 2012-2013 SCHOOL YEAR SCHEDULE

Employee: Jane Doe

Position: Instructional Assistant

School: Lincoln Elementary

<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Thursday</b>	<b>Friday</b>
8:00-8:30 Consult with staff regarding Title I students/curriculum	8:00-8:30 Consult with staff regarding Title I students/curriculum	8:00-8:30 Consult with staff regarding Title I students/curriculum	8:00-8:30 Consult with staff regarding Title I students/curriculum	8:00-8:30 Consult with staff regarding Title I students/curriculum
8:30-8:45 Break	8:30-8:45 Break	8:30-8:45 Break	8:30-8:45 Break	8:30-8:45 Break
8:45-9:15 Special ed. support	8:45-9:15 Special ed. support	8:45-9:15 Special ed. support	8:45-9:15 Special ed. support	8:45-9:15 Special ed. support
9:15-10:00 Small group reading	9:15-10:00 Small group reading	9:15-10:00 Small group reading	9:15-10:00 Small group reading	9:15-10:00 Small group reading
10:00-10:30 Small group math	10:00-11:00 2 <sup>nd</sup> grade Title I reading/math	10:00-10:30 Small group math	10:00-11:00 2 <sup>nd</sup> grade Title I reading/math	10:00-10:30 Small group math
10:30-11:00 2 <sup>nd</sup> grade Title I reading/math		10:30-11:00 2 <sup>nd</sup> grade Title I reading/math		10:30-11:00 2 <sup>nd</sup> grade Title I reading/math
11:00-11:30 Lunch Break	11:00-11:30 Lunch Break	11:00-11:30 Lunch Break	11:00-11:30 Lunch Break	11:00-11:30 Lunch Break
11:30-11:45 Individual special ed. student catch-up	11:30-11:45 Individual special ed. student catch-up	11:30-11:45 Individual special ed. student catch-up	11:30-11:45 Individual special ed. student catch-up	11:30-11:45 Individual special ed. student catch-up
11:45-12:35 Small group math	11:45-12:35 Small group math	11:45-12:35 Small group math	11:45-12:35 Small group math	11:45-12:35 Small group math
12:35-1:05 Small group writing	12:35-1:05 Small group writing	12:35-1:05 Small group writing	12:35-1:05 Small group writing	12:35-1:05 Small group writing
1:05-1:20 Break	1:05-1:20 Break	1:05-1:20 Break	1:05-1:20 Break	1:05-1:20 Break
1:20-1:40 Title I prep	1:20-1:40 Title I prep	1:20-1:40 Title I prep	1:20-1:40 Title I prep	1:20-1:40 Title I prep
1:40-2:30 First grade Title I reading/math	1:40-2:30 First grade Title I reading/math	1:40-2:30 First grade Title I reading/math	1:40-2:30 First grade Title I reading/math	1:40-2:30 First grade Title I reading/math
2:30-3:30 Title I lesson planning and student learning plan follow-up	2:30-3:00 Title I lesson planning	2:30-3:30 Title I lesson planning and student learning plan follow-up	2:30-3:00 Title I lesson planning	2:30-3:30 Title I lesson planning and student learning plan follow-up
	3:00-3:30 Bus duty		3:00-3:30 Bus duty	

## ENCLOSURE C

### **SUPPORT FOR SALARIES AND WAGES OF AN EMPLOYEE WORKING ON A SINGLE COST OBJECTIVE**

The Appendix to 2 C.F.R. Part 225 (formerly OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*) requires an employee whose salary and wages are supported, in whole or in part, with Federal funds to document his/her time spent working on Federal programs in order to ensure that charges to each Federal program reflect an accurate account of the employee's time and effort devoted to that program. The Appendix addresses two types of documentation: semiannual certifications and personnel activity reports.

#### Semiannual certifications

If an employee works solely on a single Federal award or cost objective, charges for the employee's salary and wages must be supported by periodic certifications that the employee worked solely on that program or cost objective for the period covered by the certification. Those certifications must --

- Be prepared at least semiannually.
- Signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

#### Personnel activity reports

If an employee works on multiple activities or cost objectives, a distribution of the employee's salary and wages must be supported by a personnel activity report (PAR) or equivalent documentation. The Appendix lists instances of multiple activities or cost objectives for which a PAR is required — that is, if an employee works on —

- More than one Federal award.
- A Federal award and a non-Federal award.
- An indirect cost activity and a direct cost activity.
- Two or more indirect activities that are allocated using different allocation bases.
- An unallowable activity and a direct or indirect cost activity.

A PAR must —

- Reflect an after-the-fact distribution of the actual activity of the employee.
- Account for the total activity for which each employee is compensated.
- Be prepared at least monthly and coincide with one or more pay periods.
- Be signed by the employee.

This guidance addresses one frequently asked question regarding these time-and-effort requirements: is it possible for an employee to work on a single cost objective if the employee's salary and wages are supported by more than one Federal award or a Federal award and a non-Federal award? This question results from tension between the requirements above regarding when a semiannual certification is required and when the employee must maintain a PAR, because a "single cost objective" may, in some cases, be supported by multiple Federal awards or by Federal awards and non-Federal funds.

#### Definition of "cost objective"

A function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred.

A "single cost objective," therefore, can be, for example, a single function or a single grant or a single activity. As the examples below illustrate, it is possible to work on a single cost objective even if an employee works on more than one Federal award or on a Federal award and a non-Federal award. The key to determining whether an employee is working on 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, or from the Federal award alone if the employee's salary is also paid with non-Federal funds.

#### Examples of a "single cost objective"

The examples below are intended to illustrate a "single cost objective" only. In reviewing the examples, therefore, please assume that the uses of funds described in each example are otherwise allowable under the programs illustrated. For example, assume in Example 1 that Title I, Part A funds may support a supplemental math teacher and in Example 3 that there is no violation of supplanting in a schoolwide program.

#### **1. Title I, Part A funds and State compensatory education funds**

An LEA supports a supplemental math teacher to serve low-achieving students with 50 percent Title I, Part A funds and 50 percent State compensatory education funds.

Teaching math to low-achieving students is a single cost objective because it can be fully supported under Title I, Part A. Only a semiannual certification, therefore, is required even though the employee's salary is supported by a Federal award and a non-Federal award.

#### **2. Title I, Part A funds and local funds**

A teacher in a Title I schoolwide school is paid with local funds to teach first grade in the morning to decrease class size for reading and is paid with Title I, Part A funds to teach a supplemental reading recovery class in the afternoon. (The school has a sufficient number of first-grade teachers to meet the requirements of ESEA section 1114(a)(2)(B).)

Because the part-time first-grade teacher is not needed in order to provide the basic education program in the schoolwide program school, her salary could be supported with Title I, Part A funds, even though it is not. Similarly, her salary for providing reading recovery could be supported with Title I, Part A funds. Both her functions, therefore, are fully supportable with Title I, Part A funds, and the schoolwide program constitutes a single cost objective. Only a semiannual certification, therefore, is required even though the teacher's salary is supported by a Federal award and local funds and she conducts two different activities.

**3. Funds under Sections 611 and 619 of the Individuals with Disabilities Education Act (IDEA)**

A preschool special education teacher is funded with 50 percent IDEA section 611 funds and 50 percent with IDEA section 619 funds.

Teaching preschool special education is an allowable activity under both IDEA sections 611 and 619. Accordingly, the teacher is performing a single cost objective even though she is supported with funds from two separate Federal awards; therefore, she need only file a semiannual certification.

**4. Title I, Part A funds and CEIS (comprehensive early intervening services) funds under IDEA**

A teacher works with low-achieving students and is supported with 60 percent Title I, Part A funds and 40 percent CEIS funds.

Teaching low-achieving students is a single cost objective because it can be fully supported under both Title I, Part A and CEIS. Only a semiannual certification, therefore, is required even though the employee's salary is supported by two Federal awards.

**5. Title I, Part A funds and local funds**

An LEA supports an elementary school teacher with local funds but pays her with Title I, Part A funds to provide after-school tutoring for low-achieving students.

Although the teacher could not be paid with Title I, Part A funds to provide elementary education, the portion of her time spent on after-school tutoring is easily separated from her teaching position by her schedule. Accordingly, the teacher's after-school tutoring is a single cost objective and she need only file a semiannual certification for the time she works in the after-school program supported by Title I, Part A funds.

**6. ESEA Title VII, Part A formula grant funds and state/local funds**

A high school math teacher's regular salary is paid with State and local funds. The teacher conducts an after-school support program for Native American students in the school, and also teaches at a summer academic camp for Native American students in the school district;

for both of these activities, he is paid from Title VII, Part A funds. Although the teacher could not be paid with Title VII, Part A funds to teach high school math, the portion that the teacher is paid with Title VII, Part A funds is easily segregated from his daily teaching schedule. Accordingly, the teacher's after-school and summer activities are each a single cost objective and the teacher need only file a semiannual certification for the time he is paid with Title VII, Part A funds.

**7. State leadership funds under the Carl D. Perkins Career and Technical Education Act of 2006 (Perkins IV) and State funds**

A State curriculum specialist who develops new career and technical education courses and initiatives is funded 50 percent with Perkins IV funds reserved under section 112(a)(2) for State leadership and 50 percent with State general funds.

Career and Technical Education curriculum development is a single cost objective because it can be fully supported with State leadership funds under Perkins IV. Only a semiannual certification, therefore, is required even though the employee's salary is supported by a Federal award and State funds.