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;¹

      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.

¹ 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.
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  
_x_ Weekly  
___ Biweekly  
___ Other: ________________

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

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

Jane Doe ___________ 2/20/2013  
Employee Signature  
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 ___________ 2/21/2013  
Supervisor Signature  
Date
Sample Employee Certification and Schedule

2012–2013 SCHOOL YEAR SCHEDULE

Employee: Jane Doe  
Position: Instructional Assistant  
School: Lincoln Elementary

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