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## **Letter to Chief State School Officers on Granting Administrative Flexibility for Better Measures of Success**

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 [Enclosure A \[MS Word, 33K\]](#) and [Enclosure B \[MS Word, 55K\]](#)), 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 \[MS Word, 28K\]](#)), 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 \[MS Word, 33K\]](#) 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 \[MS Word, 33K\]](#). An example of what such a certification might look like is included in [Enclosure B \[MS Word, 55K\]](#).

### ***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 \[MS Word, 28K\]](#) 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,

/s/

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

[Enclosures A \[MS Word, 33K\]](#)  
[Enclosures B \[MS Word, 55K\]](#)  
[Enclosures C \[MS Word, 28K\]](#)

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