



Research Office Policy 16-004

Labor Distributions

(Payroll Cost Transfers)

Responsible Executive: VP for Research

Responsible Office: OSRAA

Effective: 7/1/16

Last Revised: 7/1/16

I. Policy Statement

Oregon State University (OSU) is responsible for maintaining compliance with federal regulations on compensation for personal services. Labor distributions represent an allocation of payroll costs. When labor distributions change, they can represent an after the fact transfer of payroll costs and become a salary expense transfer on sponsored projects. All OSU researchers who engage in sponsored projects are expected to follow the OSU policies and sponsoring agency regulations concerning proposing, charging and reporting of effort on these projects.

II. Reason for Policy

Oregon State University (OSU) has a responsibility to comply with OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR §200) ("Uniform Guidance") as well as sponsor terms and conditions and University policy.

Regulations governing administration of sponsored project personnel expenses require that institutions receiving sponsored awards have support documentation available for how payroll allocations are determined and subsequently charged to sponsored projects. These allocations must be under the direction of the PI or an individual that understands the tasks and objectives to be conducted and the individuals that need to be assigned to those tasks or program objectives.

Sponsored project salary expenses must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated. Therefore, the distribution of salary expenses is expected to represent a reasonable reflection of that individual's effort.

Labor distributions that are initiated after salary expenses have been posted to a project are considered a cost transfer. These transactions must be justified, timely and well-documented to demonstrate allowability and allocability to a sponsored award.

III. Scope & Audience

University-wide. OSU personnel involved with the conduct and administration of sponsored award activities are affected by this policy.

IV. Definitions

- **Allowable Cost** – A reasonable cost that is allocable to the sponsored award. The cost must conform to any limitations or exclusions set forth in federal regulations or the sponsored award agreement.
- **Allocable Cost** – A cost assigned to a sponsored award or other cost objective where the goods or services involved are chargeable or assignable to that sponsored award or cost objective in accordance with relative benefits received.
- **Direct Costs** - Those costs that can be identified specifically with a particular project, or other internally or externally funded activity, or can be assigned to such activities relatively easily with a high degree of accuracy.
- **Committed Effort** – Amount or percentage of time an individual has communicated to the sponsor that they will work on a specific sponsored project over a specified period of time. Commitments are made in the project proposal to the sponsor and sponsor approval may be required to change the level of committed effort.
- **Key Personnel** – Principal Investigators, Project Directors, Co-Investigators, and other individuals who contribute to the scientific development or execution of a project in a substantive, measurable way, whether or not they request salaries or compensation.
NOTE: The definition of Key Personnel can be agency and award specific.
- **Labor Distribution (LD)** - An allocation of payroll costs to or from a sponsored award. Labor Distributions may be for future distributions or after-the-fact cost transfers taking place after the expense was initially charged to another sponsored award or non-sponsored index.
- **PAR Form** – Personnel Activity Report form which summarizes an individual's total effort for the reporting period. OSU issues PAR forms quarterly for certification by an individual having first-hand knowledge of the employee's efforts. The certifier is typically the principal investigator for the grant or contract on which the employee is working or the employee's direct supervisor
- **Prior Year Labor Distribution** – An action to revise the index from which labor was paid in a previous fiscal year (July 1-June 30). Prior year labor distributions affecting sponsored awards require OSRAA approval and additional justification for the delayed correction of the payroll charges.
- **Unallowable Costs** – Those costs that cannot be charged to a sponsored award due to sponsor and/or OSU policies, regulations and restrictions. These regulations vary by sponsor and the same sponsor may have different restrictions for different awards, depending on the source of the funding, the type of award (e.g. grant, cooperative agreement or contract), or the purpose of the award (e.g. research, equipment, conference, training). Therefore, whether a cost is considered allowable or unallowable for a sponsored award may only be determined through close review of the award documentation, sponsor regulations and guidelines, and OSU policies and procedures.

V. Website (specific to this policy)

<http://research.oregonstate.edu/osraa>

VI. Contacts

Department	Phone Number	Website
Office for Sponsored Research and Award Administration (OSRAA)	541.737.4933	http://research.oregonstate.edu/osraa

VII. Responsibilities & Procedures

It is expected that payroll costs for sponsored projects are allowable and correctly allocated to the benefitting project(s) from the outset. However, in certain circumstances it is permissible to transfer costs to or from a sponsored project.

Additional guidelines and procedures are found in the documents entitled [Guidelines for Labor Distributions](#) and [Instructions for Completing the OSRAA Labor Distribution Form](#) on the OSRAA website.

VIII. Forms & Tools

[See OSRAA Forms web page](#)

Frequently Asked Questions

[See OSRAA FAQs web page](#)

IX. Related Information

[OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Section §200.430 Compensation – Personal Services](#)

[OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Section §200.302 Financial management](#)

Related OSU [Policies](#):

Effort Reporting Policy

Cost Transfer Policy

X. History

Last review date: 10/12/16

Next scheduled review date: 6/30/18

Original issue date: Effective 7/1/16

Note: The Office of University Compliance will attempt to track the original issue date of policy and revision dates to existing policies but will not publish this information on the website.