



Cost Sharing Do's and Don'ts

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Objectives



Gain an understanding of the different types of cost share



Learn when cost share should be included in a proposal



Learn the difference between cost share and leveraged resources



Become familiar with best practices for cost share documentation at the proposal and postaward stages

What is Cost Share?

Cost sharing or matching means the portion of project costs not paid by Federal funds (unless otherwise authorized by Federal statute) **2 CFR § 200.29**

Expanded Definition

Cost Share occurs when a quantified portion of the costs of an award are not paid by the sponsor, but paid instead using resources within a department, school/college, or other party outside of the University.

It is a commitment to use resources other than the award itself for completion of the award objectives.

It is either required by the Sponsor or proposed (volunteered) by the Principal Investigator/Institution.

Types of Cost Share

Mandatory

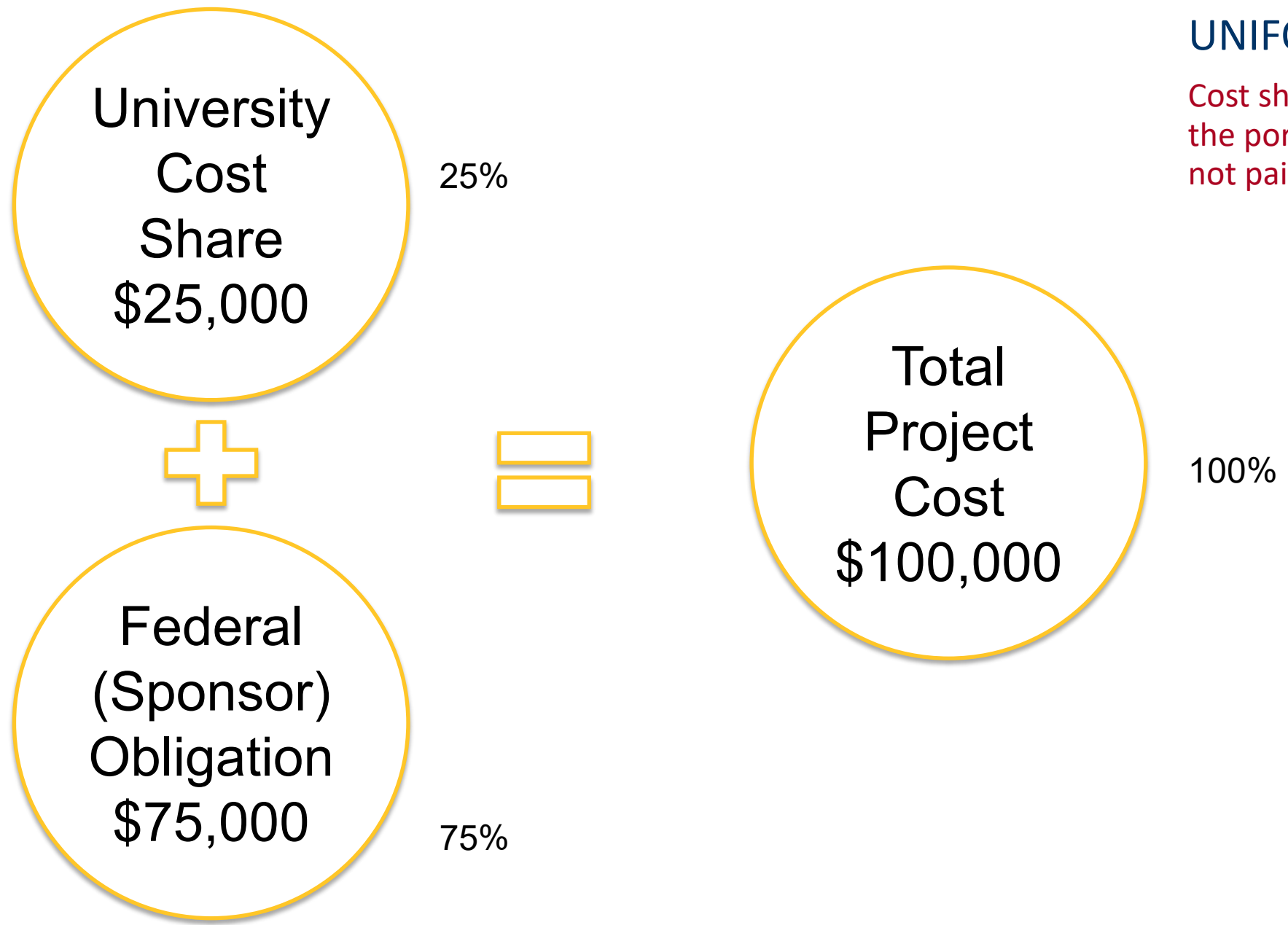
Required by the sponsor for proposal

**Voluntary
Committed**

Included in proposal when not required

**Voluntary
Uncommitted**

Project Costs not included in the proposal



UNIFORM GUIDANCE:

Cost sharing or matching is the portion of project costs not paid by Federal funds

Example: Cost sharing 30% of total project cost

Award Amount: \$961,271 **70%**
Cost Sharing: \$411,974 **30%**
 Total Project Cost: \$1,373,245 **100%**

Excerpt from Program Solicitation:

Cost-sharing at the level of (precisely) 30% of the total project cost is required for Ph.D.-granting institutions and non-degree-granting organizations.

SUMMARY PROPOSAL BUDGET Award No. XXXXXXX

Person MOS	cal	acad	sumr	Funds
				granted
				By NSF
A. (6.00) Total Senior personnel	30.00	0.00	1.50	\$146,455
B. Other Personnel				
1. (0.00) Post Doctoral associates	0.00	0.00	0.00	\$0
2. (12.00) Other professionals	4.70	0.00	0.00	\$96,841
3. (3.00) Graduate students				\$46,772
4. (0.00) Secretarial-clerical				\$0
5. (0.00) Undergraduate students				\$0
6. (0.00) Other				\$0
Total salaries and wages (A+B)				\$290,068
C. Fringe benefits (if charged as direct cost)				\$110,224
Total salaries wages and fringes (A+B+C)				\$400,292
D. Total permanent equipment				\$352,206
E. Travel				
1. Domestic				\$7,800
2. Foreign				\$0
F. Total participant support costs				\$0
G. Other direct costs				
1. Materials and supplies				\$78,119
2. Publication costs/page charges				\$2,000
3. Consultant services				\$0
4. Computer (ADPE) services				\$0
5. Subcontracts				\$0
6. Other				\$0
Total other direct costs				\$80,119
H. Total direct costs (A through G)				\$840,417
I. Total indirect costs				\$120,854
J. Total direct and indirect costs (H+I)				\$961,271
K. Small Business Fee				\$0
L. Amount of this request (J) or (J+K)				\$961,271
M. Cost sharing				\$411,974

Example: 1:1 Match

Award Amount:	\$515,000	50%
<u>Cost Sharing:</u>	<u>\$515,000</u>	<u>50%</u>
Total Project Cost:	\$1,030,000	100%

Excerpt from Terms & Conditions (Award Notice):

Matching Requirements: An entity shall make available (directly or through contributions from state, county or municipal governments, or the private sector) recurring **non-federal contributions in cash or in kind, toward such costs. The matching ratio for AHEC awards is 1:1 (federal funds to non-federal contributions).** At least 25 percent of the total required non-federal contributions shall be in cash.

11. APPROVED BUDGET: (Excludes Direct Assistance)	
<input type="checkbox"/> Grant Funds Only	
<input checked="" type="checkbox"/> Total project costs including grant funds and all other financial participation	
a . Salaries and Wages :	\$81,508.00
b . Fringe Benefits :	\$28,446.00
c . Total Personnel Costs :	\$109,954.00
d . Consultant Costs :	\$0.00
e . Equipment :	\$0.00
f . Supplies :	\$0.00
g . Travel :	\$0.00
h . Construction/Alteration and Renovation :	\$0.00
i . Other :	\$515,000.00
j . Consortium/Contractual Costs :	\$386,250.00
k . Trainee Related Expenses :	\$0.00
l . Trainee Stipends :	\$0.00
m . Trainee Tuition and Fees :	\$0.00
n . Trainee Travel :	\$0.00
o . TOTAL DIRECT COSTS :	\$1,011,204.00
p . INDIRECT COSTS (Rate: % of S&W/TADC) :	\$18,796.00
q . TOTAL APPROVED BUDGET :	\$1,030,000.00
i . Less Non-Federal Share:	\$515,000.00
ii . Federal Share:	\$515,000.00

Cost Share Sources

Direct Costs

- Contributed Effort / Salary
- Supplies, Equipment, Travel
- Student Support / Tuition Waivers

F&A Costs

- Unrecovered F&A on award costs when sponsor pays reduced F&A rate
- F&A calculated on direct cost portion of CS

3rd Party

- Project Costs paid for by an entity other than award sponsor or University

When should I include cost share in a proposal?

Minimize Cost Share when Possible

Only propose what is required – avoid voluntary cost share whenever possible.

Direct charge PI / Senior Personnel effort when sponsor allows.

Avoid specifically quantified amounts, such as effort percentages and dollars when the sponsor is not funding the cost.

However, when resources the University provides are PI or senior personnel time, we must quantify effort in order to track effort per OMB requirements.

Minimum Level of Effort



Cost Share



Per OMB, the institution must track investigator effort.



The effort is part of the person's base compensation and cannot be "volunteered."



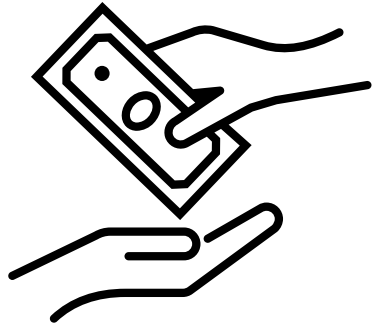
Therefore, the effort must be tracked, either as a direct charge to the grant, or as cost share.



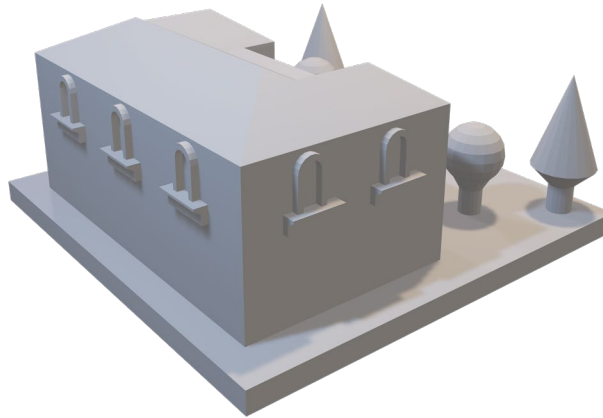
Only on certain awards may faculty effort not be tracked, such as equipment or student support grants.

What about Leveraged Resources?

How are Project Cost Covered?



**Grant funds from
Federal Government**



**Cash and in-kind
contributions from
non-Federal sources**



**TOTAL
PROJECT
FUNDS**

Leveraged Resources vs. Match/Cost Share

Leveraged resources can include cost share, but cost share does not include leveraged resources.

- What are Leveraged Resources?
 - Funds used in coordination with the grant to support the grant's outcomes
 - ETA* Definition:
 - All resources used by the recipient to support grant activity and outcomes, whether or not those resources meet the standards required for match/cost share.
 - Two Categories:
 - Allowable match
 - Non-match
- Match/Cost Share
 - Additional **non-Federal** funds expended to support grant objectives when required either by statute or in the FOA as a condition of funding
 - Normally in the form of a direct cost that would otherwise be charged or utilized to support the grant or contract.
 - May take the form of Facilities & Administrative (F&A) Cost.

*ETA is the Employment and Training Administration, a division of Department of Labor

Non- Quantifiable Resources

Avoid quantifying resources available to the project when cost sharing is not required by the sponsor

Non – quantifiable language does not commit the University

Non – Quantifiable Language

Rephrase the Following to Ensure University is Not Committed to Cost Sharing:

The PI is requesting 10% salary support, and the University will provide an additional 5% salary support for the project.

Non – Quantifiable Language

Rephrase the Following to Ensure University is Not Committed to Cost Sharing:

The PI is requesting 10% salary support, and the University will provide an additional 5% salary support for the project.

The PI is requesting 10% salary support, and the University will provide additional support as needed.

Non – Quantifiable Language

Rephrase the Following to Ensure University is Not Committed to Cost Sharing:

A graduate research assistant will spend 4 hours per week analyzing samples for the project, but no salary is requested.

Non – Quantifiable Language

Rephrase the Following to Ensure University is Not Committed to Cost Sharing:

A graduate research assistant will spend 4 hours per week analyzing samples for the project, but no salary is requested.

A graduate research assistant will be assigned to analyze samples as necessary.

Non – Quantifiable Language

Rephrase the Following to Ensure University is Not Committed to Cost Sharing:

The PI will be able to access a mass spectrometer 8 hours per week for the project at no charge. The University will waive the normal fee of \$100 per hour.

Non – Quantifiable Language

Rephrase the Following to Ensure University is Not Committed to Cost Sharing:

The PI will be able to access a mass spectrometer 8 hours per week for the project at no charge. The University will waive the normal fee of \$100 per hour.

The PI will have access to resources such as a mass spectrometer to complete the project.

Administrative Burden & Best Practices



Compliance & Administrative Burden

When Cost Share is Committed:

- Posting
- Tracking
- Monitoring
- Reporting



Administrative Burden

Impact on F&A Recovery

- Unable to recover F&A costs associated with cost sharing

Increased Department and Central Office Burden

- Tracking and reporting on both sides
- Certification of effort

Increased Audit Risk

- If cost share is not met or proven
- Refund of award amount

F&A Impact

- F&A rate



- F&A return to college and department



Recourses are re-directed from their intended primary use, to fund the cost share

How does cost share impact the negotiated F&A rate?

- Cost Share Contributions (not including 3rd Party Cost Share) are factored into the Standard F&A Rate negotiations. The Standard F&A rate is calculated by taking the total direct costs from a selected period of time and dividing it by the total F&A costs for the same period. The ratio is the basis for the Standard F&A Rate. The Cost Share Commitments for that same period are added to the total direct costs, which decreases the Standard F&A Rate.



Potential Consequences of not meeting Cost Share Commitment



Sponsor may not accept invoice if cost share isn't reflected on it.



Sponsor may disallow a prorated portion of the university's allowable expenses if cost share commitment is not met.



Sponsor may consider the university in default of award if our cost share commitment isn't met and could terminate the award.



Future funding for Sponsor could be put at risk.



If a third-party cost share commitment isn't provided, the university's cost share commitment could increase accordingly.



The university is ultimately responsible for meeting the cost share requirements. If you think you won't meet your commitment, contact your central office immediately.

Roles and Responsibilities



Roles and Responsibilities

Proposal Review

- Review Mandatory Cost Share Requirements
- Review Cost Share Budgets
- Review PI Effort

Post Award Compliance

- Create cost share accounts
- Update cost share requirements within financial system
- Ensure committed cost share is met
- Maintain documentation for cost share
- Report cost share if required

Post Award Monitoring

- Review CS Requirements
 - Notice of Award
 - Proposal Budget
- Post Cost Share
 - Payroll distributions
 - Correctly coding financial transactions
- Process cost transfers to post CS not correctly coded at time of transaction
- Monitor commitment to ensure CS requirements are on track when reconciling accounts
- Monitor 3rd party
- Maintain documentation for audit purposes



**Post Award Monitoring is a responsibility shared between central administration and the campus unit.*

Cost Sharing Recap

What Costs Are Allowable?

- Reasonable & Allocable
- Necessary for performance of award
- Treated consistently across funding sources
- Per award terms and conditions
- Per institutional policies and procedures

What Costs Are NOT Allowable?

- Amounts used as cost sharing on another project
- Other federal award expenditures unless allowed by statute
- Other non-federal sponsors expenditures unless approved by that agency
- Administrative and clerical costs, unless allowed as direct costs on sponsor share

Tri-University

Research
Administration
Conference



Questions?