

# Cost Sharing on Sponsored Awards



**Division of Financial Affairs**

**OSP Roundtable  
October, 2015**

# Agenda

## ***Today we will discuss:***

- What is Cost Share?
- Types of Cost Share
  - Mandatory
  - Voluntary
  - Voluntary Uncommitted
- Considerations before Proposing Cost Share
- What can be Cost Shared?
- Tracking and Reporting Cost Share
- Key Takeaways
- Contact information



# What is Cost Share?

## Cost Sharing Represents:

A portion of total project or program costs related to a sponsored agreement that is contributed by someone other than the sponsor

Also called match or matching funds

Introduced into the project at proposal stage

Cost Sharing is governed by Policy 1.1

[https://www.dfa.cornell.edu/sites/default/files/policy/vol1\\_1.pdf](https://www.dfa.cornell.edu/sites/default/files/policy/vol1_1.pdf)



# Types of Cost Sharing

## Mandatory Cost Share...

- Required by the sponsor
- Binding commitment for which accounting is required
- May be a fixed percent or specific level of participation negotiated between Cornell and the sponsor
- Reportable to the sponsor



## Voluntary Committed Cost Share...

- Not required by the sponsor
- Quantified commitment - binding and must be accounted for
- May need to be reported to the sponsor

Note: At Cornell, Mandatory and Voluntary Committed are handled the same.

# Types of Cost Sharing *(continued)*

## Voluntary Uncommitted Cost Sharing...

- Not required by the sponsor
- Not quantified
- Non-binding
- Does not require documentation or reporting



# Before Proposing Cost Share Consider....

- The Uniform Guidance (2 CFR 200.306) states “Under Federal research proposals, voluntary committed cost sharing is not expected.”
- Cost sharing should be avoided unless mandatory or necessary. The determination for cost sharing should be made with the understanding of the institutional cost, agency rules, and solicitation requirements.
- Where possible, do not quantify. Any unreimbursed costs quantified within a proposal constitute either mandatory or voluntary committed cost sharing.
- Failure to meet cost share requirements may result in loss of funding and/or the return of project funds received.
- Mandatory and Voluntary Committed cost sharing goes into the MTDC cost base effectively reducing our F&A rate.
- If a project is not fully funded, the cost sharing commitment should be proportionately reduced during negotiations with the sponsor.



# At Proposal

- Document proposed cost sharing types, amounts and sources on OSP Form 10
  - Effort commitments, including any employee benefits and F&A, must be converted to dollars for the Form 10. This might need to be reconciled and adjusted on close out.
  - Do not include NIH salary cap difference as cost share on the Form 10.
- When there are multiple university units, it is the Administering Units responsibility:
  - To evaluate the workload and budget implications of proposed cost sharing, and to ensure that the cost sharing commitment is met.
  - To properly identify cost sharing during the proposal stage and indicate it on the Form 10.
  - To ensure the appropriate signatures are included on the Form 10.
- Adjust proposed Cost Share as needed to reflect any required budget revisions.

# Cautions Regarding Cost Sharing

## To be Eligible as Cost Share Expenses Must...

- Be allowable and allocable under federal cost principles (2 CFR 200 Subpart E) and the terms of the sponsored agreement.
  - Costs must be incurred during the period of performance of the project.
  - Costs must be reasonable, necessary, allowable, and allocable toward project objectives.
- Be documented and, if effort, certified in the annual effort certification process.
- Not be included as cost sharing for another sponsored project.
- Not be provided by the same sponsor or sponsor parent (e.g. federal).



# Cost Sharing Allowability Matrix

		<b>COST SHARING SOURCE</b>				
		Federal & Federal Appropriations				
		NYS with Federal Flow-Through			NYS without Fed Flow-Through and NYS Appropriations	
				Non-Government with Fed Flow-Through	Non-Government without Fed Flow-Through	
<b>SPONSOR SOURCE</b>						
Federal	No	No	Yes	No	Yes	
NYS with Fed Flow-Through	No	No	Yes	No	Yes	
NYS without Fed Flow-Through	Yes	Yes	No	Yes	Yes	
Non-Gov't with Fed Flow-Through	No	No	Yes	No	Yes	
Non-Gov't without Fed Flow-Through	Yes	Yes	Yes	Yes	Yes	

# Examples of Cost Sharing

- Institutional
  - Support from the Provost or OVPR
- College
  - Automatic 50% GRA tuition cost sharing
- Department
  - Effort on the project funded by the unit
  - Cost overruns on a project (*not included in proposal*)
    - Referred to as a “true overdraft”
  - Salary exceeding the NIH cap of \$183,300.
    - Salary in excess of the cap is not an allowable expense (cannot be charged to the project account) and does not count as cost sharing
    - It must be accounted for as cost share so that it may be documented with the award, and kept in the F&A base
    - Should not be included on the Form 10



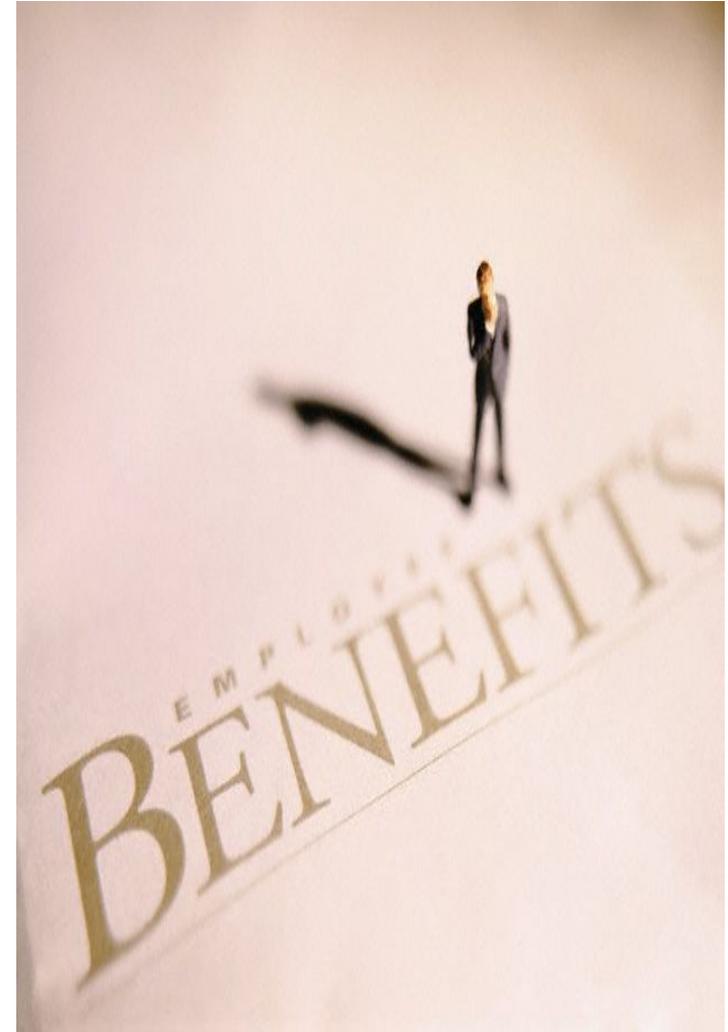
# Examples of Cost Sharing (*continued*)

- Sponsored projects from other funding sources
  - shared interest in the project
  - see Cost Sharing Allowability Matrix.
- Summer effort of a faculty member
  - 9 month paid appointment
  - Volunteer effort in summer (unpaid)
- Waived F&A (indirects)
  - if allowed and/or approved by the sponsor.
- External contributions
  - Subaward commitment
  - In Kind



# Cost Shared Employee Benefits and F&A Costs

- Cost sharing “bears” F&A regardless of whether or not F&A is actually charged. Therefore, it is in the project and university’s best interest to include cost shared F&A as part of your proposal
- To compute this amount use the F&A rate of the sponsored award to which the cost sharing is being applied, not the cost sharing source, even if charged amount is different.
- For NYS Benefit charges (Contract Colleges only) use the benefit rate appropriate to the sponsored award to which the cost sharing is being applied, not the cost sharing source, even if charged amount is different.



# Does the project require it?

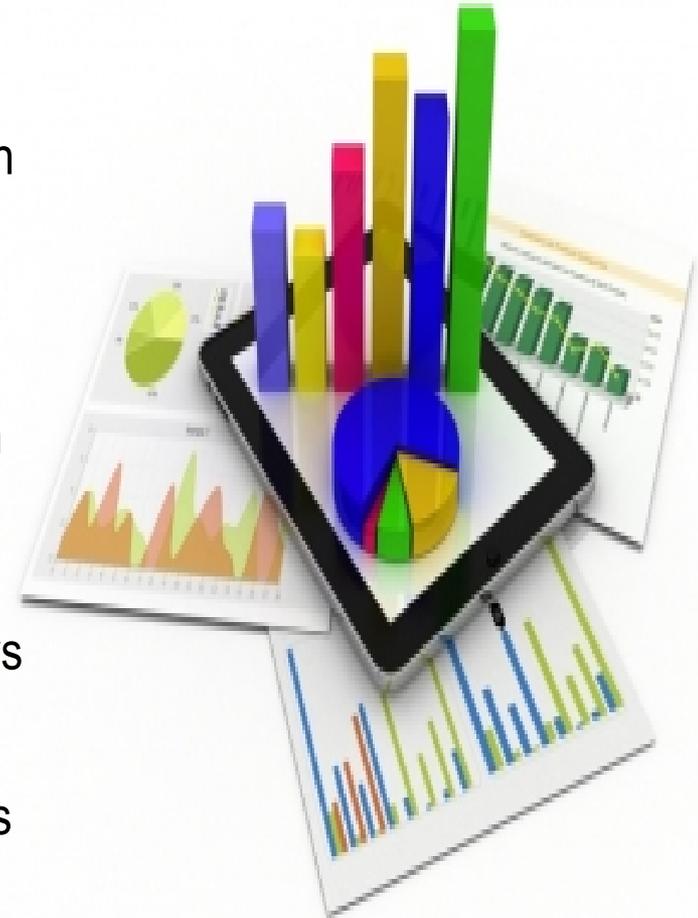
Refer to:

- Agreement Documentation
  - Terms and Conditions
- Award Summary
  - Guide to whether it is required

<b>Sponsor:</b> Washington-Headquarters DOE <span style="float: right;"><b>Agreement ID:</b> DE-SC0001086</span> <b>Sponsor Program:</b> ARRA-DOE <b>Sponsor Source:</b> Federal Government <b>CFDA #:</b> 81.049 <b>Modification #:</b> 001 <input type="checkbox"/> Subcontracts <input type="checkbox"/> Consultants <b>Award Date:</b> 8/29/2009 <b>Award Approval Date:</b> <b>Approved By:</b> <b>Function:</b> Organized Research <span style="float: right;"><b>Agreement Type:</b> Grant</span> <b>Pricing Type:</b> Cost <span style="float: right;"><b>T &amp; C Type:</b> RTC</span>									
<b>Award Period:</b> 8/1/2009 to 7/31/2014 <b>Budget Period:</b> 8/1/2009 to 7/31/2014		<b>Total Amount</b> \$17,327,638 \$17,327,638	<b>Direct Charging Allowed:</b> <input type="checkbox"/> Direct charge justification incorporated <input type="checkbox"/> Administrative/Clerical <input type="checkbox"/> Postage <input type="checkbox"/> Membership <input type="checkbox"/> Office Supplies <input type="checkbox"/> Monthly Telephone Charges						
<b>Federal Flowthrough:</b> No <b>Flowthrough Sponsor:</b> <b>Action Comment:</b> Received modification amending FATC T&C's and updated Reporting Instructions.									
<b>Facilities &amp; Administrative Costs</b>									
<u>Rate</u>	<u>Year</u>	<u>Type of Funds</u>	<u>College Type</u>	<u>Location</u>	<b>Cost Sharing: \$5481250</b>				
						<u>Mandatory</u>	<u>Voluntary Comm.</u>	<u>Subtotals</u>	
59	1	Research	Endowed	On Campus	<b>Dept.:</b>	\$ 0	\$ 0	\$ 0	0
59	2	Research	Endowed	On Campus	<b>Center:</b>	\$ 0	\$ 750000	\$ 750000	750000
59	3	Research	Endowed	On Campus	<b>College:</b>	\$ 0	\$ 0	\$ 0	0
59	4	Research	Endowed	On Campus	<b>Univ.:</b>	\$ 0	\$ 1106250	\$ 1106250	1106250
59	5	Research	Endowed	On Campus	<b>External:</b>	\$ 0	\$ 3625000	\$ 3625000	3625000
26	1	Research	Endowed	Off Campus					
26	2	Research	Endowed	Off Campus					
26	3	Research	Endowed	Off Campus					
26	4	Research	Endowed	Off Campus					
26	5	Research	Endowed	Off Campus					
<b>Total</b>					\$	\$	\$ 5481250	\$ 5481250	

# Tracking and Reporting Cost Sharing

- Cost share subaccounts (type CS) are established by the unit to track any Cornell match. KFS automatically processes the cost share subaccount transactions each night. A report to review this is available in Sponsored Institutional Dashboard.
- Award-to-award cost share is established through an account attribute.
- Monitoring cost share commitments, including those on subcontracts, is the responsibility of the unit.
- SFS reports cost sharing depending on the requirements of the award. This may be on each invoice, annually, at award end, or not at all. It is always subject to audit.
- Cost sharing must be reflected in the appropriate cost base to permit proper F&A rate calculation. This occurs automatically when cost share subaccounts are used.



# Key Takeaways on Cost Share

- Avoid cost sharing unless necessary
- Only costs allowable and allocable to the award can be cost shared.
- Include the applicable F&A and Benefit costs in your proposal.
- Cost share must be monitored and tracked by the unit.
- Reporting of cost share must be done through SFS.
- The same cost shared expenses cannot be used for multiple projects.
- Unmet cost share obligations can result in loss of funds.
- Cost share must be on the same cost base as the award (automatically achieved through type CS subaccount functionality).
- Cost sharing negatively affects the university's F&A rate.
- Cost share between the same source of funding is prohibited.

# Sponsored Financial Services

- Jeffrey Silber, Senior Director
- Ilene Lambiase, Manager
- Janet Strait, Quality Assurance and Analysis
- Kelly Gardner, Team Leader
- Karen Workman, Accountant

Sponsored Financial Services – web site including contact information

<https://www.dfa.cornell.edu/sfs/>

Sponsored Financial Services – Newsletter about “Hot Topics”

[CU-DEPTRESEARCHADMIN-L@list.cornell.edu](mailto:CU-DEPTRESEARCHADMIN-L@list.cornell.edu)

To join list serv, send email with subject line = Join