Basics of Cost Share

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What is Cost Sharing?

Cost sharing is the portion of total project costs related to sponsored programs that is not provided by the sponsor.

Cost sharing obligations must be funded from identifiable resources available to the PI, department, school, or center involved.
Why is Cost Share Important to Research Administrators?

**Mandatory:** required by the sponsor as a condition for proposal submission and award acceptance. A mandatory cost sharing requirement will be specified in the sponsor's published request for proposals.

**Voluntary uncommitted cost sharing** is cost sharing that is over and above an amount that was committed and budgeted for in a sponsored agreement. It is neither pledged explicitly in the proposal nor stated in the award documents, but it occurs in the course of executing a project, often when an individual expends more effort on the project than his or her commitment requires.

**Voluntary committed cost sharing** is cost sharing that is offered in a proposal but not required by the sponsor as a condition of proposal submission. Once offered by the institution and agreed to by the sponsor, it becomes an obligation the university must fulfill.

**Institutional commitment vs. cost share:** Proposals can contain wording that is not quantifiable but still shows institutional support.
Identifying Language that may imply Cost Share

- The requirement for Cost Share may be explicitly in solicitations.

- Ideas related to cost sharing may also be implied in conversation with PIs.

- Key words or ideas to listen for through discussion with PIs during project planning (in-kind, leverage, match; volunteered effort or contributions to the project; share or sharing; and time, goods or services quantified, but not shown on the budget)
Institutional Support vs. Cost Share

Institutional Support is usually described within the narrative of the application or as an official support letter.

Institutional Support may be a general statements about facilities or other support the university has available.

Institutional Support does not have any quantifiable amounts.

VS.

Cost-sharing is a financial commitment by the university toward the total cost of a project from a source other than the granting organization.

Cost-sharing is referred to as “in-kind contributions” or “matching funds.”

Cost share is described in quantifiable terms.
Cost Share Types

In-Kind Cost Sharing: In-kind cost sharing are (non-cash) contributions wherein the value can be readily determined, verified, documented, and justified but where no actual cash is transacted in securing the good or service comprising the contribution.

Cash Cost Sharing: Cash are costs that would not otherwise be incurred by the University.

Third-Party Cost Sharing: Contributions from entities outside the University.
Third Party Cost Share

Contributions from an organization other than the prime recipient that is participating in the costs of the project.

A common instance would occur when subcontractors supply part of the cost share contributions.

General Risks include:

➢ The third-party is responsible for tracking the obligated cost share

➢ If the cost share obligation is not met, the university must cover the commitment.
Policies Impacting Cost Share

**Uniform Guidance § 200.306 Cost sharing or matching**
Policies Impacting Cost Share

Voluntary Cost Sharing under Uniform Guidance (UG):

➢ Under Federal research proposals, voluntary committed cost sharing is not expected.

➢ It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity.

➢ Criteria for considering voluntary committed cost sharing and any other program policy factors that may be used to determine who may receive a Federal award must be explicitly described in the notice of funding opportunity.
Policies Impacting Cost Share

Cost sharing or matching under UG:

➢ For all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity’s cost sharing or matching when such contributions meet all of the outlined criteria under 2 CFR 200.306, section b,1-7.
Policies Impacting Cost Share

Cost sharing or matching with unrecovered indirect costs under UG:

➢ Unrecovered indirect costs, including indirect costs on cost sharing or matching may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency.

➢ Unrecovered indirect cost means the difference between the amount charged to the Federal award and the amount which could have been charged to the Federal award under the non-Federal entity’s approved negotiated indirect cost rate.
Policies Impacting Cost Share

Other sources that may be used for cost sharing and methods for determining value under UG:

➢ Non-Federal entity contributions of services and property.

➢ Volunteer service furnished by third-party professional and technical personnel, consultants, and other skilled and unskilled labor.

➢ When a third-party organization furnishes the services of an employee.

➢ Donated property such items as equipment, office supplies, laboratory supplies, or workshop and classroom supplies.
Policies Impacting Cost Share

➢ Sponsor specific policy must be published
  ➢ NSF – Proposal & Award Policies & Procedures Guide (PAPPG)
  ➢ NIH-NIH Grant Policy Statement
  ➢ Private Sponsors may be published on their website and required by all applicants
Policies Impacting Cost Share

Administrative Policies and Procedures Manual - Policy 2430: Cost Sharing on Sponsored Projects
UNM Policy 2430

➢ The Vice President for Research will agree to cost sharing only when required by the sponsor or in rare situations when justified by the competitive nature of the award.

➢ Cost sharing should be held to a minimum and must adhere to the sponsoring agency's guidelines and comply with this policy.

➢ Any indication of cost sharing mentioned in the technical proposal must also be included in the proposal budget. (Both budget and budget justification)

➢ Once a sponsor accepts a proposal containing a cost sharing commitment, it is binding on the University and the sponsoring agency must approve any subsequent changes.
Uniform Guidance and UNM Policy

Uniform Guidance 2 CFR 200.306, sections c-k

UNM Policy 2430: 3.1 Cost Allowable for Cost Sharing

UNM Policy 2430: 3.2 Typical Types of Cost Sharing Costs
Policies Impacting Allowance of Cost Share

How does Federal policy, UNM policy and sponsor policy affect Cost Share?

UNM Policy 2430

Uniform Guidance § 200.306

Sponsor Policies
  Federal
  Non-federal
Learning from the Experts

Rosa Gonzalez-Rosenblatt, MBA, CRA

Director
Office of Sponsored Projects and Contract & Grant Accounting Office

Pete Morgan

Chief Financial Officer
School of Engineering
Moderated Discussion

In fulfilling the requirement of Mandatory Cost Share, what is the expectation of the departments and how best should one plan?
Moderated Discussion

How does Voluntary Cost Sharing negatively impact PIs?
Moderated Discussion

How does Cost Sharing negatively impact UNM?
Moderated Discussion

How does Cost Sharing impact facilities and administrative (F&A) costs at UNM?
What are department level challenges with Cost Share?
What are institutional level challenges with Cost Share?
Moderated Discussion

Please describe how a Research Administrator would know where to start when cost share is identified.
Who approves Cost Share at the varying levels and how is that communicated to OSP?
What is the process Research Administrators in the SOE go through to make a request regarding Cost Share?
Who in other departments (what position title) might be best to ask questions related to cost share?
Questions from the RAN members

Can UNM provide In-Kind Cost Share?
If so, how is it valued and tracked?
Questions from the RAN members

How should cost share change when the sponsor requires a budget change and cost share is involved?
Questions from the RAN members

In the event of third-party cost share resulting in an item (such as equipment) becoming part of UNM Inventory, should the UNM Foundation be involved?

Does the item constitute a donation that should be run through the Foundation?
Definition of Cost Sharing is the portion of total project costs related to sponsored programs that is not provided by the sponsor.

Start with the sponsors solicitation and UNM Policy when cost share is being considered.
- Voluntary Cost Share is highly discouraged
- Cost share sources are non-federal sources
- Identify non-cash sources

Cost share negatively impacts F&A recovery

Start with your department accountants when considering sources of cost share