

Cost Share

Post-award considerations

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Agenda / Learning Objectives

- Federal guidance, definitions, and UNM policies
- Tools and techniques to track cost share
- Cost share at closeout
- Audit case studies

What is Cost Sharing?

- Cost sharing refers to a portion of a sponsored project or program costs that is paid by the University. Cost sharing can be imposed by a sponsor as a condition of the sponsored award or it can be volunteered by the University. 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 [Policy 2430](#).

Cost Share CFR References

- **§200.29 Cost sharing or matching.**

Cost sharing or matching means the portion of project costs not paid by Federal funds (unless otherwise authorized by Federal statute). See also §200.306 Cost sharing or matching.

Cost Share CFR References

- **§200.96 Third-party in-kind contributions.**

Third-party in-kind contributions means the value of non-cash contributions (i.e., property or services) that—

- (a) Benefit a federally assisted project or program; and
- (b) Are contributed by non-Federal third parties, without charge, to a non-Federal entity under a Federal award.

Third Party Cost Share

- Contributions from an organization other than the prime recipient that is participating in the costs of the project.
 - Most common instance would occur when subcontractors supply part of the cost share contributions.
- Risks associated with third party cost share:
 - Dangerous because you are relying on someone else's accounting.
 - If the third party does not meet their cost share obligation, ***your UNM departmental index or PI overhead index*** must cover the commitment.

Cost Share CFR References

- **§200.99 Voluntary committed cost sharing.**
Voluntary committed cost sharing means cost sharing specifically pledged on a voluntary basis in the proposal's budget or the Federal award on the part of the non-Federal entity and that becomes a binding requirement of Federal award

Negative Impacts of Voluntary Cost Sharing

- Reduces a PI's flexibility to conduct other research/public service, because their effort is pledged to specific projects.
- Cost sharing imposes a substantial tracking, monitoring, recording, and documenting burden on the PI and University Administrators.
- Increases audit scrutiny
 - Was the cost share obligation met?
 - Auditable record-keeping

Negative Impacts of Voluntary Cost Sharing

- Redirects departmental, school, or central resources from other mission-critical uses to support sponsored agreements.
- Has an adverse effect on the University's F&A rate.

Cost Share CFR References

- **§200.306 Cost sharing or matching.**

(b) Accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following criteria:

- (1) Are verifiable from the non-Federal entity's records;
- (2) Are not included as contributions for any other Federal award;
- (3) Are necessary and reasonable for accomplishment of project or program objectives;
- (4) Are allowable under Subpart E—Cost Principles of this part;
- (5) Are not paid by the Federal Government under another Federal award*
- (6) In the approved budget when required by the Federal awarding agency;
- (7) Conform to other provisions of this part, as applicable.

* except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;

UNM Policies and Procedures on Cost Sharing

- Policy 2430: Cost Sharing on Sponsored Projects
 - <https://policy.unm.edu/university-policies/2000/2430.html>
- Proposal Development and Award Guide (PDAG)
 - https://frdo.unm.edu/sites/default/files/2017_PDAG.pdf

Tracking Cost Share Commitments on Proposals and Awards

- NOTE: It's important that you track proposals including cost share commitments and what's actually awarded.
- You don't want to get into a situation where you over commit and can't deliver on cost sharing commitments

Tracking Cost Share – Salary/Effort

Cost Share Tracker

Faculty Name	Cost Share Proposed							SP#	Agency	Awards							
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total			Index	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total
Example	22,500						22,500	A21-9999	ABCD	123456	22,500	0	0	0	0	0	22,500
Example	10,000	10,000					20,000	21-xxxy	ZYW								0
Example		10,000	5,000				15,000	21-xxxz	MNLO								0
Example							0										0
Example							0										0
Total Example	32,500	20,000	5,000	0	0	0	57,500				22,500	0	0	0	0	0	22,500
Base Salary	90,000	90,000	90,000	90,000	90,000	90,000					90,000	90,000	90,000	90,000	90,000	90,000	
Cost share %	36.11%	22.22%	5.56%	0.00%	0.00%	0.00%					25.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Faculty #2							0										0
							0										0
							0										0
							0										0
							0										0
Total Faculty #2	0	0	0	0	0	0	0				0	0	0	0	0	0	0
Base Salary											0	0	0	0	0	0	
Cost share %	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!					#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Faculty #3							0										0
							0										0
							0										0
							0										0
Total Faculty #3	0	0	0	0	0	0	0				0	0	0	0	0	0	0
Base Salary											0	0	0	0	0	0	
Cost share %	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!					#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	

Cost Share - Letter vs. Cost Share Commitment Form

OFFICE OF THE VICE PRESIDENT FOR RESEARCH

November 4, 2020

Dr. Randy Phelps, Staff Associate
National Science Foundation
Washington, D.C.

Reference: NSF MRI Program Solicitation NSF 18-513

Principal Investigator:

Title: MRI: Acquisition of a High Resolution Quadrupole Time-of-Flight Mass Spectrometer for Chemical, Biological, and Materials Research.

Dear Dr. Phelps:

As required in this solicitation, this letter documents the University of New Mexico's commitment for cost sharing. The total cost of the instrument, software and necessary components is \$417,187.52. UNM commits to provide 30% of this total project cost, or \$125,156.26, as cost share as required per NSF policy.

Sincerely,

Gabriel P. López
VICE PRESIDENT FOR RESEARCH

January 17, 2019

Professor [REDACTED]

Chair, [REDACTED]

Dear [REDACTED]

This letter is to confirm the commitment of [REDACTED] to provide \$10,000 in matching funds for the NSF MRI proposal to purchase a high resolution mass spectrometer. The intended instrument, a Waters Xevo G2 XS Quadrupole Time-of-Flight (QToF) Mass Spectrometer, has a high mass range (up to m/z 100,000) and will have multiple sample introduction methods including Waters UPLC, Gas chromatography, direct electrospray ionization (ESI), atmospheric pressure chemical ionization (APCI) and phot-ionization (APPI) and a direct insertion solid probe.

I understand that these funds will be needed only if the NSF funds the current proposal and the QToF instrument is purchased. I also understand the dollar value of this commitment will be applied toward sample analysis fees on the QToF for faculty and staff in [REDACTED]

Sincerely,

[REDACTED], Ph.D.

Professor
Director, [REDACTED]
Department of [REDACTED]
[REDACTED]@unm.edu

Reducing Cost Share Proportionally

Original Costshare contributions

Source Index	Title of Source index	Amount	Name of Chair	Name of Dean
8XXXXX	Dept. 1	\$15,000	Chair Dept. 1	Dean Dept. 1
03XXXX	Dept. 2	\$10,063	Chair Dept. 2	Dean Dept. 2
0XXXXX	Dept. 3	\$5,000	Chair Dept. 3	Dean Dept. 3
9XXXXX	Dept. 4	\$10,000	Chair Dept. 4	Dean Dept. 4
4XXXXX	Dept. 5	\$10,000	Chair Dept. 5	Dean Dept. 5
798018	798018 - OVPR	\$75,094		Gabriel Lopez

Total \$125,157

Modified Costshare contributions

Source Index	Title of Source index	Amount	Name of Chair	Name of Dean
8XXXXX	Dept. 1	\$11,578	Chair Dept. 1	Dean Dept. 1
03XXXX	Dept. 2	\$7,767	Chair Dept. 2	Dean Dept. 2
0XXXXX	Dept. 3	\$3,859	Chair Dept. 3	Dean Dept. 3
9XXXXX	Dept. 4	\$7,718	Chair Dept. 4	Dean Dept. 4
4XXXXX	Dept. 5	\$7,718	Chair Dept. 5	Dean Dept. 5
798018	798018 - OVPR	\$57,960		Gabriel Lopez

Total \$96,600

		Sponsor 70%	Costshare 30%
Request	\$417,187	\$292,031	\$125,156
Award	\$322,000	\$225,400	\$96,600

22.8% reduction in the award



22.8% reduction in costshare



22.8% reduction in costshare contributions **for each Department**

Release Time as Cost Share

- PIs can use a percentage of their time during the academic-year to work on their grants
- This is called the **release time** and the compensation for it, salary and associated fringe benefits corresponding to the release time, can be used as cost share. These funds, including the imputed F&A, will be transferred to a cost share index at the time of award set up.
- Release time from regular academic year is compensated at the basic salary rate from the regular I&G budget
- NOTE: Some PIs have additional duties for which they are compensated (e.g. SAC) they are usually paid from the same regular I&G budgets as the base salary

$$\text{Monthly Salary} = \text{Base Salary} + \text{SAC}$$

Reports to Help Identify Base Salary and SAC

■ My Reports – FSRDISH – Labor Distribution HSC

FSRDISH Labor Distribution HSC										
Employee Position Effective Date From: 07/01/2020										
Employee Position Effective Date End: 11/06/2020										
ID	Name	Hiring Org	Suffix	Job Title	Annual Salary	Labor Distribution (NBRJLBD) Effective Date	Labor Distribution (NBRJLBD) End Date	Index Code	Acct Code	NBRJLBD %
Employee: Name, Banner ID.										
			00	Professor	165,000.00	08-01-2020	12-31-2099	XXX000	2000	100.00%
			S1	Chairperson	15,000.00	08-01-2020	12-31-2099	XXX000	2000	100.00%

Tools to Calculate the Base Salary and SAC

FNRSLBE Salary Labor Benefits Encumbrance Report

THE UNIVERSITY OF NEW MEXICO

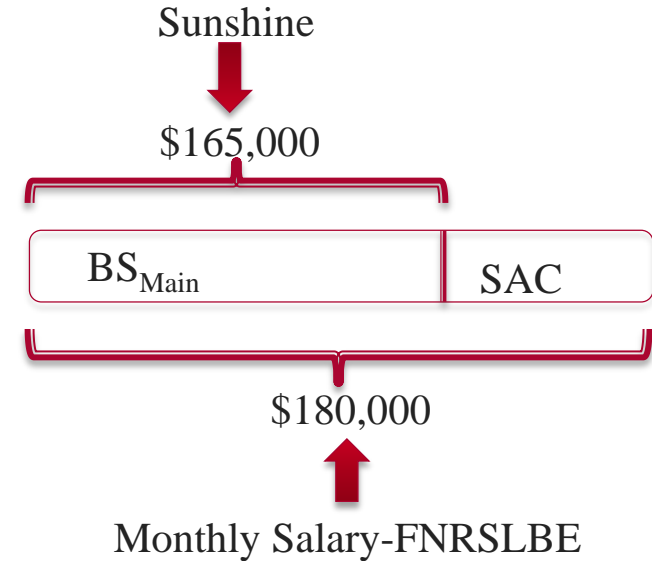
Fiscal Year To Date FY2021

Banner Id(s):

Included Months: All Months

PayID	Trans Date	Labor	FYTD Salary Encumbrance
	08-06-2020	.00	180,000.00
	08-26-2020	.00	(18,000.00)
5R8	08-31-2020	33,000.00	.00
	09-25-2020	.00	(18,000.00)
5R9	09-30-2020	18,000.00	.00
	10-27-2020	.00	(18,000.00)
5R10	10-30-2020	18,000.00	.00
Subtotal: - Index: XXX000 - 2000		69,000.00	126,000.00

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$$\text{SAC: } \$180,000 - \$165,000 = \$15,000$$

Don't Rely on Sunshine Portal!

FNRLDST THE UNIVERSITY OF NEW MEXICO 11/07/2020						
Active Labor Distribution by Employee						
1000XXXXXX - PI Name						
Position: F9XXXX - Professor						
Index	Acct	Suf	Labor Dist			
Code	Code	f	Org	Labor Dist Org Desc	Dist%	
3XXXXX	2000	00	3XXXX	Second department	10.00	
8XXXXX	2000	00	8XXX	Main Department	90.00	
8XXXXX	2000	S2	8XXX	Main Department	100.00	

PI base salary can be paid by more than one department!

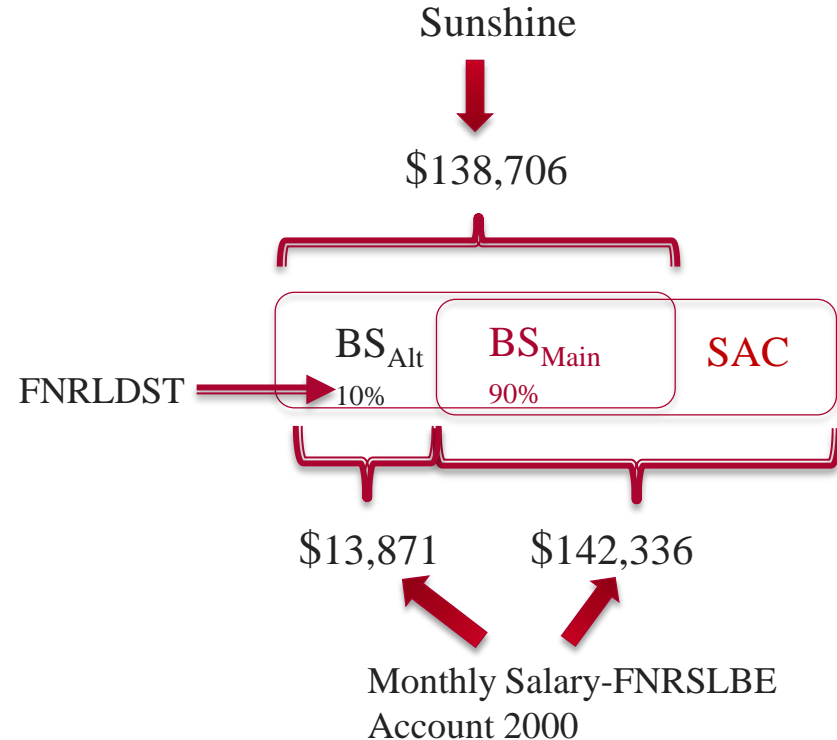
Dept. 3XX pays 10% of Base salary

Dept. 8XX pays 90% of Base Salary

Sunshine Report: \$138,706

THE UNIVERSITY OF NEW MEXICO					
FNRLSBE - Salary Labor Benefits and Encumbrance Detail by Employee					
Fiscal Year To Date FY2021					
	PayID	Trans Date	Trans Code	Labor	FYTD Salary Encumbrance
Name Banner ID					
Index - Account: 3XXXXX - 2000 - Org Code: 3XXX					
		08-11-2020		.00	13,870.63
		08-26-2020		.00	(1,387.06)
	5R8	08-31-2020	0	1,387.07	.00
		09-25-2020		.00	(1,387.07)
	5R9	09-30-2020	0	1,387.06	.00
		10-27-2020		.00	(1,387.06)
	5R10	10-30-2020	0	1,387.07	.00
Subtotal: - Index: 3XXXXX - 2000				4,161.20	9,709.44
Index - Account: 8XXXXX - 2000 - Org Code: 8XXX					
		08-11-2020		.00	142,335.67
		08-26-2020		.00	(14,233.57)
	5R8	08-31-2020	0	14,233.56	.00
		09-25-2020		.00	(14,233.56)
	5R9	09-30-2020	0	14,233.57	.00
		10-27-2020		.00	(14,233.57)
	5R10	10-30-2020	0	14,233.56	.00
Subtotal: - Index: 8XXXXX - 2000				42,700.69	99,634.97
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Calculating Base Salary and SAC - When the PI is Paid by Multiple Departments



$$\begin{aligned} BS_{Main} &= \text{Sunshine salary} - BS_{Alt} \\ &= \$138,706 - \$13,871 \\ &= \$124,834 \end{aligned}$$

$$\begin{aligned} SAC &= \$142,336 - 124,836 \\ &= \$17,500 \end{aligned}$$

$$\begin{aligned} SAC &= \$13,871 + \$142,336 - \$138,706 \\ &= \$17,500 \end{aligned}$$

SAC Amounts are standardized

Verification:

- SAC policies for all UNM entities -
 - <http://ofas.unm.edu/faculty/compensation/sac.html> -
- SAC amounts for each job title in Appendix 1
 - <http://ofas.unm.edu/faculty/compensation/documents/arts-sciences-sac-policies.pdf>

Alternate method:

Salary Planner – Base Salary and SAC are budgeted separately

Tracking Cost Share – Post Award Procedures

- At award setup, the Contract and Grant Accounting (CGA) Department requests two index codes
 - one for the main award
 - one for the cost share fund
- No cost share fund is set up in Banner for cost share funded from a 3rd party
 - It is the department's responsibility to track and document 3rd party cost share

Tracking Cost Share – Post Award Procedures

- CGA sets up the budget in Banner for the main award and the cost share fund.
- CGA creates the journal entry to transfer money from the index that is funding the cost share to the cost share index.
- Transfer account codes are used in the journal entry to indicate the program of the source of funding and the program of the cost share fund.

Tracking Cost Share – Post Award Procedures

- Transfer account codes used for cost share funding entry:
 - 1100 Tsfr To I&G Gen
 - 1120 Tsfr From I&G Gen
 - 11A0 Tsfr To Research Gen
 - 11C0 Tsfr From Research Gen
 - 11E0 Tsfr To Public Service Gen
 - 11F0 Tsfr From Public Service Gen

Tracking Cost Share – Indirect Costs

- **Imputed F&A** is the indirect cost calculated on cost share direct expenses.
 - For example, if UNM is contributing salary and related fringe to the project as Cost Share in the amount of \$5,000 and the normal F&A rate for the agency is 51.5%, then we can request and incur \$2,575 of imputed F&A as additional cost share bringing our total cost share commitment to \$7,575.
 - The CGA fiscal monitor manually tracks imputed F&A as it is ***not entered into Banner.***

Tracking Cost Share – Indirect Costs

- **Uncovered F&A** is the difference between the recovered F&A on the award and what UNM would have recouped if we were allowed to use our standard F&A rate.
 - For example, if the sponsor only allows 20% F&A, and our federal negotiated rate is 51.5%, then 31.5% is considered unrecovered F&A.

Tracking Cost Share – Indirect Costs

- **Unrecovered F&A** can be used as cost share on an award only when **all** the following conditions exist:
 - there is a cost share pledge on the award or sponsor approval,
 - the award or sponsor rules state that the sponsor accepts "unrecovered Facilities and Administrative (F&A) costs" as a valid cost share contribution,
 - the award's F&A cost rate is less than the University's standard, federally negotiated F&A rate.

Tracking Cost Share – Post Award Procedures

- The department is responsible for initiating charges to the cost share index or transferring charges that have already posted within 90 days of the transaction date.
- Imputed F&A is not entered into Banner as a budget or expenditure
 - Imputed F&A is a calculation that will be reported to the agency by CGA, typically through our billing process

Tracking Cost Share from a Subawardee

University of New Mexico
Contract and Grant Accounting
1700 Lomas NE, Suite 2100
MSC01 1245, 1 University of New Mexico
Albuquerque, NM 87131-0001

DATE: 7/12/2020
UCSB REF NO: 8-112678-59757
TOTAL AWARD: \$225,000.00
INVOICE NO: 03
ACCOUNT NO: 442490

University of New Mexico, [REDACTED] -873R, Speck, 04/2020

<u>DATES OF SERVICE</u>	<u>DESCRIPTION</u>	<u>BUDGET</u>	<u>CUMULATIVE</u>	<u>CUMULATIVE COST SHARE</u>	<u>CURRENT</u>	<u>UNSPENT BALANCE</u>	<u>CURRENT COST SHARE</u>
2/1/2020	Salaries & Wages	\$ 50,447.00	56,059.04	7,505.04	205.20	-5,612.04	2,374.68
TO	Employee Benefits	\$ 15,327.00	18,417.08	2,694.31	-1,674.11	-3,090.08	852.51
6/30/2020	Supplies & Expense	\$ 81,098.00	75,707.09	0.00	19,221.73	5,390.91	0.00
	Domestic Travel	\$ 2,800.00	0.00	0.00	0.00	2,800.00	0.00
	Overhead	MTDC 55.0% \$ 75,328.00	73,057.14	5,609.65	10,686.95	2,270.86	1,774.96
		\$ 225,000.00	\$223,240.35	\$15,809.00		1,759.65	5,002.15

Cost Share at Closeout

General Cost Share

- A separate closeout reconciliation is sent for the cost share index/fund.

Third Party and In-Kind

- This committed cost share is not accounted for in Banner, so documentation from the third party provider has to be tracked/provided by the department (usually in letter or memo form) to document that the requirements have been met.

Cost Share Recon Example – 1 to 1 Match (Imputed F&A)

Cost Share Reconciliation	Grant - Fund				
1:1 Match Requirement					
Balance of Main Award					93,977.58
Current F&A Rate on Main Award					51.5%
	Direct	Base	F&A Rate	Imputed F&A	Subtotal
Expenses					
Expenses	62,036.43	62,036.43	51.5%	31,948.76	93,985.19
Total Cost Share	62,036.43	62,036.43		31,948.76	93,985.19
				Cost Share Met	7.61
				Less Imputed F&A - Direct Expenses needed	(5.02)
				Direct Expenses needed if from main award	(2.51)
				Direct Expenses needed if not from main award	(5.02)
Check:					
	If direct expenses moved from main award to cost share			Main	93,981.39
				Cost Share	93,981.39
					50%
	If direct expenses come from elsewhere			Main	93,977.58
				Cost Share	93,977.58
					50%

Cost Share Recon Example – 1 to 1 Match (No Imputed F&A)

Cost Share Reconciliation		Enter information in green boxes				
1:1 Match Requirement - No Imputed F&A						
Balance of Main Award					100,000.00	
F&A Rate on Main Award					20.0%	
				Direct Expense	Total C/S	
Total Cost Share				96,272.95	96,272.95	
				Cost Share NOT MET	(3,727.05)	
	Direct Expenses needed if from main award				1,694.11	
	Direct Expenses needed if not from main award				3,727.05	
Check:						
If direct expenses moved from main award to cost share				Main	97,967.06	
				Cost Share	97,967.06	50%
If direct expenses come from elsewhere				Main	100,000.00	
				Cost Share	100,000.00	50%

Cost Share Recon Example – % of Awarded Amount

Cost Share Reconciliation						
% of Awarded Amount						
Requirement: % of Award	25%					
Current F&A Rate on Main Award	51.5%					
					Activity	
General Award					150,000.00	
Cost Share Needed					37,500.00	
Cost Share	Direct	Base	F&A Rate	Imputed F&A	Subtotal	
Expenses to 6/30/16	-	-	51.0%	-	-	
Expenses 07/01/16 - Current	23,545.00	23,545.00	51.5%	12,125.68	35,670.68	
Total Cost Share	23,545.00	23,545.00		12,125.68	35,670.68	
				Cost Share NOT MET	(1,829.32)	
				Less Imputed F&A - Direct Expenses needed	1,207.47	
				Direct Expenses needed if from main award	965.98	
				Direct Expenses needed if not from main award	1,207.47	
Check:						
If direct expenses moved from main award to cost share				Main	148,536.54	
				Cost Share	37,134.14	25%
If direct expenses come from elsewhere				Main	150,000.00	
				Cost Share	37,500.00	25%

Cost Share Recon Example – \$ w/ calculated %

Award Amount	194,576.00				Less Participant Support			
Cost Share Amount	97,459.00			Expenditures		Modified Expenditures	F&A Rate	Imputed F&A
Percentage of Cost Share to award	50.09%	Expenditures to June 2016		20,537.20		20,537.20	51.00%	10,473.97
Award F&A Amount	51.50%	July 2016 to current		41,703.99		41,703.99	51.50%	21,477.55
				62,241.19			IMPUTED F&A	31,951.52
Actual Award Expenditures	194,328.43							
Cost Share needed	97,335.00	Direct Expenses needed if from main award				1,381.94		
		Direct Expenses needed if not from main award				2,074.12		
	8/26/2019	Check:						
UNM Direct Expenditures	62,241.19	If direct expenses moved from main award to cost share	Main			192,234.80		
UNM Imputed F&A	31,951.52		Cost share needed			96,286.34		
	94,192.71		Cost Share			96,286.34	50.09%	
		If direct expenses come from elsewhere	Main			194,328.43		
Additional Cost Share Needed	3,142.29		Cost Share			97,335.00	50.09%	

Case Study – Ohio State University

- NSF OIG Audit Report – OIG 11-01-009 Ohio State University
 - Unallowable cost share of \$26,345 for picnics, parties, meals and expedited VISA processing charges for bringing foreign nationals to the United States. \$27,549 of postage, telephone and related costs (normally indirect) and \$210,043 of costs with no support provided.

Case Study - Ohio State University (cont.)

- NSF OIG Audit Report – OIG 11-01-009 Ohio State University
 - OSU did not consistently require or maintain adequate documentation to support cost share claimed by subawardees or require such documentation.
 - Recommended cost share expenditures be tracked in a separate project account for each NSF award.
 - Develop and implement written policies and procedures to access and document subawardees risk of claiming non-allocable or non-allowable cost sharing expenditures. Include a process for reviewing cost share expenditures for allocability and allowability. Review expenditures to determine that they are allocable, provided by the subawardees' own funds and not federal funds and are claimed only once.

Case Study – Boston University

- NSF OIG Audit Report – OIG 11-1-012 Boston University
 - Vendor discounts of \$157,226 were improperly claimed as cost sharing by sub recipients.
 - The auditors view was that the offering of discounts by a vendor represents a marketing strategy for product promotion and sales to third party school districts and does not involve the sharing of project costs by the subawardees.

Tools / Resources

- MyReports discussed:
 - FSRDISH – To view salary components (SACs)
 - FNRSLBE – Salary Labor Benefits and Encumbrance Report
 - FNRLDST – Labor Distribution Report
 - FNRMBTA – Main and Branch Transfer Allocation
- Tools available upon request:
 - Cost Share Salary/Effort Tracker (Thanks to SOE!)
 - Tool to calculate base salary and SAC (Thanks to Monica!)
 - CGA cost share recon forms

THANK YOU FOR ATTENDING!

QUESTIONS??

