Cost Share and Match

Keeping Your Promises....
Aloha! Your Presenters…

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Topics Covered

- Where to find Federal guidance
- Definitions
- Different types of cost sharing
- Identification during the proposal stage
- Tracking Post Award
- Documenting committed cost share/match
- Reporting
- Closeout
What IS it??
Definition

• Cost sharing or matching
  • the portion of project or program costs not borne by the Federal Government

• Other frequently used terms
  • Cost share
  • In-kind
  • Match

• Governing Guidance
  • http://ecfr.gpoaccess.gov (Browse by ‘Title 2 – Grants and Agreements’ and ‘Parts 215-230’ Office of Management and Budget Circulars and Guidance)
Hōʻike Iki (Tiny Quiz)

• OMB Circular A-110 was recently relocated. What is it’s new location?

Types of Cost Share

• Mandatory
  • *Required* by the sponsor as a condition of obtaining an award.

• Voluntary
  • *Offered* to increase competitiveness against peer institutions for an award or for other non-mandatory reasons.

• Voluntary Uncommitted
  • *Over and above* what was agreed upon, or incidental.
Serious Stuff…

• Mandatory and Voluntary Committed Cost Sharing

• Requirements
  • Monitored, verified, and included in the F&A calculation
  • Part of the negotiation process

• Impact
  • Lowers the F&A rate
  • Decreases recovery of F&A revenue
Serious Stuff (continued)…

• Voluntary Uncommitted
  • Effort put forth by a PI or senior researcher on a project
  • Not pledged in the proposal or required by the award
    • Example: PI committed 5% effort in the proposal but actually devoted 20% effort. 15% difference would be considered voluntary uncommitted cost sharing
  • Does *not* have to be monitored, verified, and included in the F&A calculation

• Governing Guidance
  • Memorandum 01-06—Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs (M-01-06)
  • [http://www.whitehouse.gov/omb/memoranda_m01-06](http://www.whitehouse.gov/omb/memoranda_m01-06)
“Leveraging"

Oh, the horror of it!!

Some agencies do not require match, but ask for your proposal to include quantified amounts of other sources of funding that go towards the same purpose – leveraging their program. THIS IS NOT SIMPLE – YOU DO HAVE TO TRACK IT.
**Hō ñke Iki** (Tiny Quiz)

- Should Voluntary Uncommitted cost sharing be included in effort reporting?
  - No!

- **Governing Guidance**
  - Memorandum 01-06—Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs (M-01-06)
  - [http://www.whitehouse.gov/omb/memoranda_m01-06](http://www.whitehouse.gov/omb/memoranda_m01-06)
During the Proposal Process

• Sponsor Program Announcement
  • Cost sharing requirement

• Discuss with both the PI and the department providing it.
  • What? Why? When? How?
  • Allowable by your institution?
  • Administrative approval(s)?
What the Feds Say

• **2 CFR 215.23**: All contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria.

  • (1) Are verifiable from the recipient's records.
  
  • (2) Are not included as contributions for any other federally-assisted project or program.
What the Feds Say (continued)

• **2 CFR 215.23**: All contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria.

  • (3) Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.

  • (4) Are allowable under the applicable cost principles.
What the Feds Say  (continued)

• **2 CFR 215.23**: All contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria.

  • *(5)* Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.

  • *(6)* Are provided for in the approved budget when required by the Federal awarding agency.
What the Feds Say  
(continued)

• **2 CFR 215.23**: All contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria.

  • (7) Conform to other provisions of this part, as applicable.

• **Governing Guidance**
Hō ìke Iki (Tiny Quiz)

• What was Title 2, Code of Federal Regulations, Part 215 known as before it became 2 CFR 215?

• OMB Circular A-110
Hō îke Iki (Tiny Quiz)

BONUS QUESTION

• On what date did 2CFR215 formerly known as OMB Circular A-110 go into effect?

• May 11, 2004

2CFR220, J.15.b. Donations

• Donated services
  • Donated or volunteer services received.
  • Professional and technical personnel, consultants, and other skilled and unskilled labor.
  • Not reimbursable as direct or F&A cost.
  • Requirements in accordance with 2CFRPart 215.
2CFR220, J.15.b. Donations (continued)

• Donated *property*

• Value is not reimbursable
  • Direct or F&A cost
  • Exception: depreciation or use allowances on donated assets are permitted in accordance with Section J.14.

• In accordance with 2 CFR Part 215.
2CFR220, J.15.b. Donations (Example)

- Any personnel listed on the project budget (showing % effort) for whom no salary is requested in the budget, or if salary is requested, it is less than what is needed to pay for the entire % effort. In this instance, the individual's portion of salary equivalent to that % effort not in the budget, in addition to the fringe benefits and indirect costs associated with those costs, would be considered cost sharing.

F&A as Match

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

• Example:
  • Your F&A rate is 47%. The sponsor will only pay 25%. Thus, 22% unrecovered F&A can be “booked” and reported on as match/cost share if the agency agrees.
So – now we know what it IS,

What is it NOT???
Unallowable…

• Unallowable costs
  • Salaries over the salary cap
  • Cost overruns/overdrafts
• Funds being used at match on another award
• Purchase price of equipment in current inventory
Unallowable…

“If a sponsor wouldn’t pay for it, it can’t be proposed as cost sharing.”
What the Feds Say

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  • (1) Are verifiable from the recipient’s records.
  • (2) Are not included as contributions for any other federally-assisted project or program.
  • (3) Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
  • (4) Are allowable under the applicable cost principles.
  • (5) Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
  • (6) Are provided for in the approved budget when required by the Federal awarding agency.
  • (7) Conform to other provisions of this part, as applicable.
Proposal Areas for Review

• Read the *entire* proposal
  • Narrative
    • Statements committing cost sharing
      • ‘University will provide…”
      • “Available for use by the project…”
      • Our collaborator will contribute…”
  • Budget and budget justification
    • Budget figures included under line items
      • Estimated Funding: Applicant
      • Institution’s Contribution
      • Non-requested Project Costs
      • Other Sources of Funding
Proposal Areas for Review (continued)

• Institutional Approvals
  • Varies by institution
  • Documented
  • Quantified
  • Required signatures on file
  • Third party
Danger Zone

• Inadvertent or Accidental Cost Share
  • Other non-technical cost share terms
    • “Oops”
    • “Oh, no!”

• Not required by sponsor but included in proposal and/or proposal budget
  • Will commit your institution
  • Subject to audit
  • Includes third party references
He Hoʻolale Iki (Tiny Proposal) Review

• Proposal Narrative reads:

Our proposed project is designed to engage youths between 5 – 12 years of age in robotics programs. The PI will be dedicating 5% of her time, not to be taken as cost sharing, toward project efforts. Our local community partner, The Robo Foundation, is donating 15 Rusty Robot kits ($25 each), which were previously purchased and not needed for their January 2012 robotics competition. The builder of the highest energy robot will receive an all-expense trip, funded by our University, to the National Program. To assist with project incidentals, Gem Stores is giving us $500 in cash. The local high school robotics advisor will serve as a consultant and will subsume project efforts as part of his assigned daily tasks.
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Success!

• Proposal was awesome.
• Award issued.
• Now what?
Potential Problems Associated with Cost Sharing

• Do effort reports capture cost shared effort (both mandatory and voluntarily committed)?

• Are you able to obtain third party cost sharing commitments? Should be on their letterhead and signed by an officer of their organization who will certify to the amounts expended.
Post Award Tracking

Cash and third party in-kind contributions must meet all the following criteria:

- Are verifiable from the recipient’s records
- Are necessary and reasonable for accomplishment of project objectives
- Are allowable under the Cost Principles
- Are not paid by the Federal government under another award
- Are provided for in the approved budget when required by Federal agency
- Conform to other provisions of 2CFR215, as applicable
Can your third party just email in their confirmation of cost sharing?

Yes they can, but the certification letter better be appended as an attachment!
a hui hou...
(until we meet again…)

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