

Splitting the Costs: Best Practices for Managing Matching Funds

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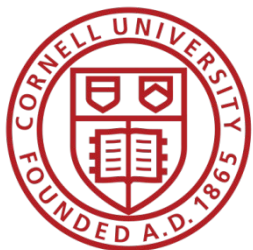
Sponsored Financial Services





Agenda:

- Cost Share
 - Types of cost share
 - Mandatory versus Voluntary
 - Committed versus Uncommitted
 - Best Practices for proposing cost share
 - Eligible cost share expenses
 - Tracking
 - Documentation / Reporting
 - Key takeaways for cost share



Cost Sharing / Matching Funds

§200.29 Cost sharing or matching means the portion of project costs not paid by Federal Funds (unless authorized by Federal statute).

§200.306 Cost Sharing or Matching





University Policy

- Cost Sharing for Sponsored Agreements
 - Understand contractual and financial requirements
 - Determine when cost sharing is appropriate
 - Learn how to properly record cost sharing
 - Report cost share to Sponsored Financial Services (SFS) for inclusion to sponsor



Mandatory Cost Share

- A contribution required by the sponsor as a condition of obtaining the award.
- Binding commitment
- May be a fixed percent or specific dollar amount
- Reported to the sponsor



Voluntary Committed Cost Share

- A contribution offered, but not required by the sponsor as a condition of obtaining the award.
- Quantified in the budget/budget justification
- Binding commitment
- May be a fixed percent or specific dollar amount
- May be reportable to the sponsor

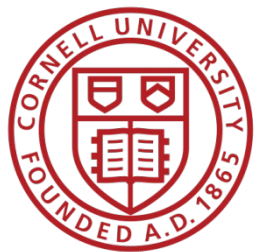
Note:

Mandatory and Voluntary Committed cost share is treated in the same fashion.



Voluntary Uncommitted Cost Share

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



Proposal Preparation





Before Proposing Cost Share Consider...

- Avoid cost share unless mandatory
 - refer to agency rules and solicitation requirements
- Where possible, do not quantify
 - unreimbursed costs quantified in budget/budget justification = cost share
- Ensure that the source of the cost share is appropriate
 - Refer to matrix - Cost Share Allowability



Before Proposing Cost Share Consider...

- If a proposal is not fully funded, the cost sharing commitment should be proportionally reduced
 - if awarded funding is reduced, remember to adjust cost share commitment otherwise it's committed!
 - Either before or after the fully executed agreement
- Failure to meet cost share requirements may result in loss of funding
 - Requirement to return funds received



Proposal: To Include or Not to Include

200.306 (a) 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.**



Proposal

- NSF Cost Share Policy:
 - inclusion of voluntary committed cost sharing is **prohibited**...foregoing full indirect cost rate (F&A) recovery is considered voluntary committed cost sharing
- National Institute of Food and Agriculture (NIFA):
 - If there is no matching requirement, a statement will be included in the Request for Application (RFA) to convey that there is no matching requirement
 - ...does not require matching support for this program and matching resources **will not be factored** into the review process as evaluation criteria



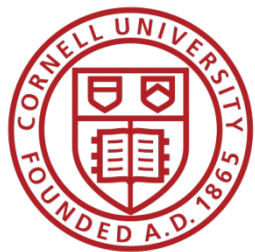
Proposal

- Faculty Effort
 - The program officer wants to see effort quantified in the proposal
 - Quantified in Budget or Budget Justification
 - *.25 Months, Academic Year \$0*
 - *.25 Months, Academic Year \$3,500*
 - Quantified in Scope of Work (i.e. Project Narrative)
 - *.25 Months, Academic Year \$0*
 - *.25 Months, Academic Year \$3,500*



Proposal

- Facilities, Equipment, and Other Resources:
 - include a non-quantifiable description of the contribution by the faculty
 - *Dr. Todd, a senior researcher in the Center for Advanced Cost Sharing has impressive statistical credentials and is available to assist the program with the appropriate oversight and mentoring.*
 - You could quantify the effort here, if appropriate.



Eligible Cost Share





Eligible Cost Share

- Allowable costs
 - Reasonable, necessary and allocable
 - Must be within period of performance of the project
 - Caution: Pre-Award and Post-Award expenses
- Verifiable and accounted for in institutional records
- Not included as contributions towards another project
 - Can't use the same costs for multiple commitments
- Not paid under another federal award (Federal to Federal)
 - Unless approved in the agreements



Examples of Cost Share

- Effort (i.e. Salary and Wages), including benefits
 - All effort is based on actual effort contributed to project (vs. budgeted)
- Unrecovered indirect costs*
 - Requires approval from agency
 - Cannot exceed legislative indirect cost caps
- Institutional tuition waivers for Graduate Research Assistantships (GRA's)*
- Interrelated sponsored projects
 - Shared interest in the project
 - Refer to Cost Share Allowability matrix

*Whenever possible, and allowable, include these costs. They're already part of the university's project costs.



Examples of Cost Share

- External contributions
 - Subaward commitments, reported on invoice
- Project expenses incurred beyond the original budgets
 - True overrun - not included in proposal
 - Can be contributed towards match requirement
 - Provided allowable expenses incurred



Examples of Cost Share

- Volunteered services or donated supplies
 - Third party in-kind contribution must be established and documented.
 - The contributor must certify that the regular rate of compensation
 - For other than personal services, the provider must state the fair market value of the item



Examples of Cost Share

- Sabbatical earnings:
 - A faculty member can contribute effort towards the project during a one semester leave, but cannot charge earnings to the project.
 - If effort needs to be documented, the faculty can use alternative documentation, such as noting on effort certification or adding a memo to the file
 - This is useful if the sabbatical plan indicates the faculty will be conducting activities associated with the project.



Examples of Cost Share

- Meeting Effort Commitments:
 - Sponsors expect the PI to deliver any effort committed, paid or unpaid, in the proposal.
 - Proposed and approved in the budget:
 - A reduction of effort on a project of 25% or more (e.g. reducing a 2 month commitment to 1.5 months or less) normally requires prior approval from the sponsor.
 - Where paid effort is budgeted and delivered, but not charged to the award, it should be recorded as cost sharing to document that the commitment was met.



(in)Eligible Cost Share

- Costs may not be supported from the same source of funding:
 - Same sponsoring agency under another award
 - Different agency within the same parent entity
 - Federal funds, including federal pass-through, must not be used for cost sharing on another federal project
 - State funds must not be used to match other state projects, including state appropriations



Cost Share Allowability Matrix

Non-Institutional:

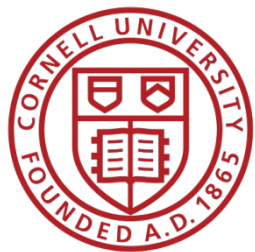
	Cost Sharing Source				
	Awarding Sponsor: Federal				
			Pass-through Entity: State (Awarding Sponsor: Federal)		
			Awarding Sponsor: State		
				Pass-through Entity: Non-Government (Awarding Sponsor: Federal)	
				Awarding Sponsor: Non-Government	
Sponsor Type					
Awarding Sponsor: Federal	No	No	Yes	No	Yes
Pass-through Entity: State (Awarding Sponsor: Federal)	No	No	Yes	No	Yes
Awarding Sponsor: State	Yes	Yes	No	Yes	Yes
Pass-through Entity: Non-Government (Awarding Sponsor: Federal)	No	No	Yes	No	Yes
Awarding Sponsor: Non-Government	Yes	Yes	Yes	Yes	Yes
Note:	Federal Capacity Funds = Awarding Sponsor: Federal				
	State Appropriations = Awarding Sponsor: New York State				

Note: An entity cannot use cost share from a different project that is funded by the same sponsor or parent sponsor (unless approved upon inception). For example: An agency within the U.S. Department of Agriculture cannot provide cost share for another agency within the U.S. Department of Agriculture, unless approved upon inception.



(in)Eligible Cost Share

- Indirect costs in excess of federally negotiated indirect cost rates or in excess of a sponsor's legislative cap.
 - For example: Some U.S. Department of Agriculture (USDA) agreements cap indirect costs at 30% of Total Federal Funds Awarded.
- Employee benefit expenses in excess of approved benefit rates.
- Earnings in excess of legislative salary caps are unallowable
 - For example: National Institute of Health (NIH) Salary Cap. Although costs in excess of salary cap cannot be used towards cost share commitments, our policy requires that these costs be accounted for in similar fashion as cost share. Essentially, these costs are documented with the project and retained in the project's cost base.



Tracking





Accounting for Cost Share

- Tracking institutional cost share
 - Cost share sub-accounts
 - In Quali, a cost share sub-account has a sub-account type CS (Cost Share). Because the sub-account eDoc defaults to EX (Expense), the sub-account type must be changed to CS to reflect cost share activity.
 - An EX sub-account records activity as direct project expenses.
 - The CS sub-account routes to SFS.
 - Confirm the source of cost share is appropriate.
 - In some cases, SFS will establish the CS sub-account based on communication with the unit.



Accounting for Cost Share

- For interrelated projects, or Grant-to-Grant Cost Share, an account attribute tracks the relationship between the two projects.
 - In the contract and grant tab on the account, the ‘Cost Share for Project Number’ attribute is used to identify the OSP # for which the account is providing cost share.
 - The OSP # is the unique identifier for the project that is provided the Office of Sponsored Programs

Standard Operating Procedure: Cost Share Sub-account



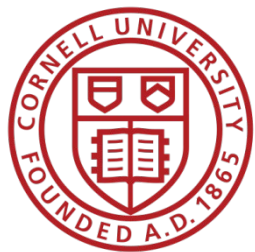
Period of Performance-Continuity

- Matching costs must be incurred during the period of performance
- Some agencies expect continuity throughout the project's performance:
 - Agency may question lack matching funds reported
 - Some may question inconsistent match
 - For example, you've sought 100% of federal reimbursement, but shown a small contribution towards the required 100% match
- Monitor and track matching funds throughout the life of the agreement, not just at the end.



No Cost Extension

- Effort match requirement - No Cost Extension (NCE) period:
 - Is effort required to continue?
 - Does the agreement have an effort requirement?
 - Have you met the commitment?
 - Are there terms and conditions that restrict cost share reductions
 - National Institute of Health (NIH)
 - *With the exception of grant programs that have an effort requirement, or where terms and conditions prohibit such reductions, NIH will not require prior approval for the reduction in effort for Senior/Key personnel. The recipient is reminded that active awards must have a measureable level of effort.*



Documentation / Reporting





Documentation:

- General Ledger or subsidiary ledgers (e.g. Payroll, Student)
 - Supporting documentation as required by sponsor
- Calculation of unrecovered indirect
- Donated/In-kind:
 - Determination of value
 - Supplies/Equipment: Fair market value
 - Services: Rate of pay
- External Commitments - Subawards
 - Invoice / Financial Report certifying costs
 - Detail available, if needed, or based on terms of agreement



Dashboard Report

- Sponsored Financial Activity Dashboard
 - Project Summary
 - Disclaimer:
 - Will not include imputed costs (unrecovered indirect, imputed benefits)
 - External commitments are not included in Cornell's general ledger
 - Indirect and Benefit rate information available [here](#)

CG Reporting Description	To Date Budget	Period Expense	To Date Expense	To Date Encumbrance	To Date Expense (with Encumbrance)
Salary & Wages	0.00	0.00	12,414.72	0.00	12,414.72
Grand Total	0.00	0.00	12,414.72	0.00	12,414.72

Fiscal Year Long Descr is equal to FY2021

and Fiscal Per/Month Name is equal to 07 - January

and Basic Acct Category is equal to / is in EX

and Object Cd is not equal to / is not in 9915

and

Cost Share For Project Number is equal to any OSP # in [Project Summary CS Total by Reporting Description subquery PAGE](#)

and A21 Sub Acct Type Cd is not equal to / is not in CS

or

OSP # is equal to any OSP # in [Project Summary CS Total by Reporting Description subquery PAGE](#)

and A21 Sub Acct Type Cd is equal to / is in CS



Dashboard Report

- Sponsored Financial Activity Dashboard
 - Cash Position – Option to Analyze Project Summary
 - Caution: Grant-to-Grant – will not have same control account

CG Reporting Description	To Date Budget	Period Expense	To Date Expense	To Date Encumbrance	To Date Expense (with Encumbrance)
Salary & Wages	0.00	0.00	12,414.72	0.00	12,414.72
Grand Total	0.00	0.00	12,414.72	0.00	12,414.72

Contract Control Acct is equal to / is in 1258320

and Fiscal Year Long Descr is equal to FY2021

and Fiscal Per/Month Name is equal to 07 - January


and Basic Acct Category is equal to / is in EX

and Object Cd is not equal to / is not in 9915

and

Cost Share For Project Number is equal to any OSP # in  Project Summary CS Total by Reporting Description subquery
and A21 Sub Acct Type Cd is not equal to / is not in CS

or

OSP # is equal to any OSP # in  Project Summary CS Total by Reporting Description subquery
and A21 Sub Acct Type Cd is equal to / is in CS

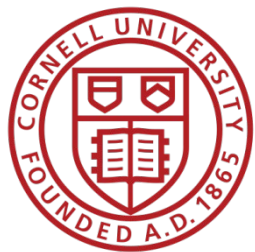


Dashboard Reports

- Sponsored Financial Activity Dashboard
 - Standard Report – Cost Share Expense Transactions
 - Cost Share Expense Transactions - Sponsored Agreements (CG)
 - Cost Share Expense Transactions – Non Sponsored Agreements (RG/AP)
 - Restricted Gifts and Federal Capacity Grants
 - Other Standard Reports default to Sub Acct Type $\langle \rangle$ CS
 - Remove Default or use Sub Account Type $\langle \rangle$ XX

A21 Sub Acct Type Code

NOT ▼



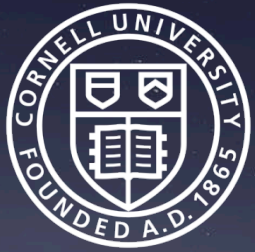
Key Takeaways





Key Takeaways on Cost Share:

- Refer to:
 - Institutional policy
 - Solicitation / Agreement documents
 - Agency policy, including invoked regulations
- If not required, avoid committing resources
 - Unnecessary cost share diverts institutional resources
- Must be allowable and allocable to project
- Whenever possible, include unrecovered indirect costs
- Cost share between the same source of funding is prohibited
- Unmet obligations can result in loss of funds



Questions:
sfs-help@cornell.edu

<https://www.dfa.cornell.edu/sfs/managingawards/activity/costshare>