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What Did Your Principal Investigator Promise to Provide on This Proposal? Understanding Mandatory versus Voluntary Committed Cost Share.

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Thank you to Fran for
developing this curriculum!



Expected Outcomes

- Participants will be able to define mandatory and voluntary cost share
- Participants will be able to identify what can be included in a cost share package



What is Cost Share?

CFR 2 Part 200.29

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.

<https://www.ecfr.gov/>



Why Do Sponsors Ask for Cost Share?

- Makes their dollars go further towards accomplishing the work they want to have done
- Leverages additional funds (and may involve more collaborators)
- Shows you have a stake in the game
- Improves their story to their board, constituents, and Congress

Why Do We Sweat Cost Share?



- Limited resources
- Ties up institutional resources
- Lost revenue
- Undermines F&A rates

What Are the Types of Cost Share?



Involuntary Committed

- Mandatory
- Required by sponsor as a condition of the award
- May be called a hard match

What Are the Types of Cost Share?

Voluntary Committed

- Not required
- Offered by the institution
- Improves competitiveness
- Planned in the budget
- Committed when grant is awarded



What Are the Types of Cost Share?

Voluntary Uncommitted

- Unplanned, unspecified or unquantified commitment
- PI elects to spend more than the budget
 - Unforeseen expenses
 - Sponsor reduction
- Discouraged



Beware the Gray Areas!

Gray Cost Share (term dubbed by Fran Stephens)

- In a Request for Proposal (RFP), you may see in one place that cost share is not required, but another area notes that cost share is recommended.
- While not required, cost share may be a review item.



What Type of Cost Share Is This?



How Do Cost Principles Factor?

- Must be allowable under applicable cost principles, administrative guidelines, and agency policies
- Must be necessary and reasonable to complete the project
- Must be verifiable through documentation
- Cannot have been charged as cost sharing on another project
- Cannot be paid by another federal award with sponsor approval

What Is Meant by In-kind or Matching?

- Terms are often used interchangeably
- Matching implies there is a ratio of contributions
- The value of something applied to the proposed work
- May be provided by the institution or a third-party
- Examples:

Salaries
Tuition
Supplies
Equipment
Services
Travel



What Do You Need to Know about Mandated Cost Share?

Mandatory cost share normally comes with a framework from the sponsor that includes:

- What is allowed for cost share
- What is not allowed for cost share
- Minimum percentage or amount
- How they want it reported in the submission
- Sometimes how they want it calculated (by a set amount, by a ratio or percentage calculated on sponsor request or total costs)
- If the specific solicitation doesn't include the information, the sponsor general guidelines should be checked

How Does a Sponsor Capture Cost Share?

- Budget Forms
- Budget Justifications
- Letters
- 424 Cover Page
- Any regular component of the proposal (abstract, summary, narrative, description, equipment, facilities, effort tables, etc.)
- Current and Pending (although many federal sponsors say they won't use CP for this purpose)
- Notification of cost share should be in award documents



What Are Some Common Sources of Cost Share?

- Project Personnel effort
- Equipment (if in-kind match it usually has depreciation & usage limits)
- Travel
- Unrecovered indirect costs
- Start-up funds
- Third-parties (subcontracts, for profit companies, non-profit organizations, state agencies, schools, Regents)
- Program income
- Volunteer time (logged and appropriate for level or work)

How Do You Document Cost Share?

- Internal accounting systems
 - Ledgers
 - Purchase invoices
 - Receipts
 - EFT notices
- Letters documenting contributed support from other agencies
 - Third Party assigns and documents their own value
 - Cash match might be verified with records of donations



How Do You Calculate Cost Share?

- Has the sponsor has provided a required rate or amount
- Look through the whole solicitation for special rates for educational or non-profit organizations
- Amount can be a ratio, percentage, or a specific number
 - If it is one to one (1:1; 50%; half; exact match) this means for every dollar you ask for from the sponsor you need to provide a dollar of match.
- Sponsor may specify that it is on total request or total costs
 - Total costs (or total project costs) means the cost share calculation is based on BOTH the amount you are asking the sponsor for PLUS the amount of the cost share
- Sponsor may provide a formula

How Do You Report Cost Share?

- Make sure you understand the sponsor timing on reporting as it could impact your budget/spending
- Sponsors vary in how they will allow reporting:
 - Reported as the organization desires as long as the amount required is provided by the award close out
 - Reported on a routine basis – monthly, quarterly, yearly
 - Reported based on spending thresholds (for example for every 25k spent you must also show 25k cost share)
 - Reported before any sponsor funds are given or can be expended

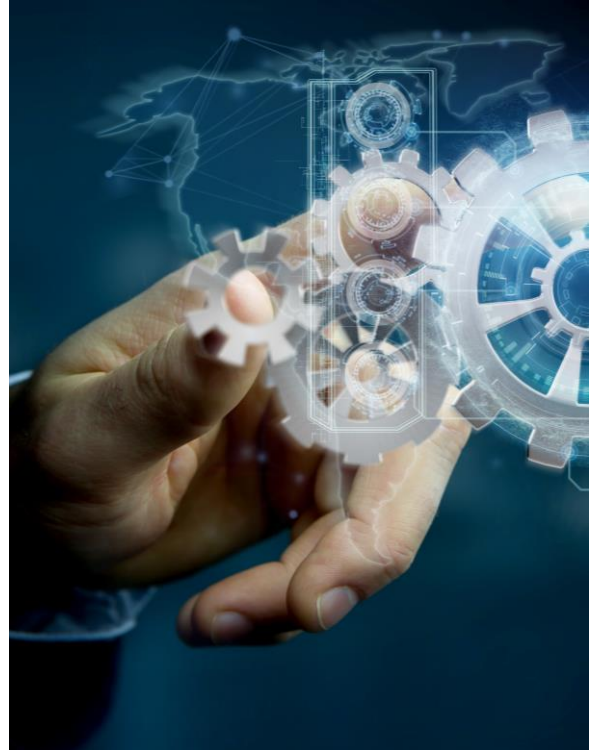


What Are Some Common Issues?

- Unintended commitments
- Sponsor may require a certification, letter, or statement from AOR
- Correct person needs to sign commitments from third-parties
- Document sponsor waivers to cost share requirements
- Allowing enough time prior to proposal submission for cost share issues to be resolved
- Timely reporting of cost share, especially third-party
- Check for agreement in cost share amounts between proposal and award
- Make sure the cost share package doesn't need to be updated before an award is accepted
- Look closely for unintended cost share wasn't captured and is now part of the award
- Don't wait in silence for a cost share issue to go away

Want to Connect? Reach out!

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Thank
you