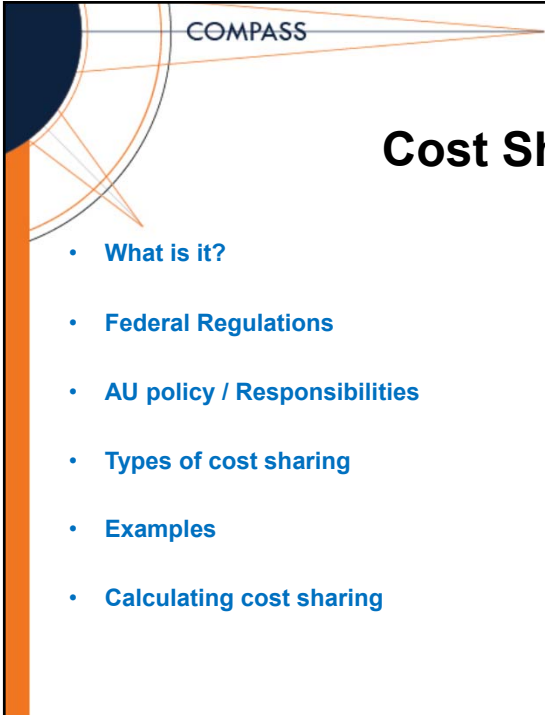




# Cost Sharing

Fall 2018



# Cost Sharing

- What is it?
- Federal Regulations
- AU policy / Responsibilities
- Types of cost sharing
- Examples
- Calculating cost sharing

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# Cost Sharing

**What is it?**

That portion of a project or program costs not borne by the Federal Government



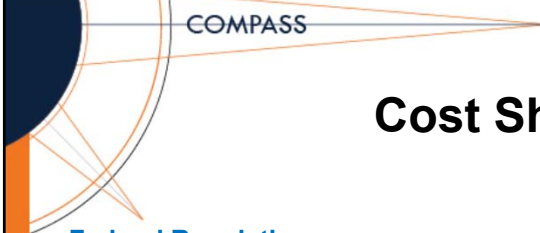
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# Cost Sharing

**Federal Regulations**

**Uniform Guidance (2 CFR Part 200, Section 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.
- (b) 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 following criteria:




# Cost Sharing

## Federal Regulations

**Uniform Guidance (2 CFR Part 200)**

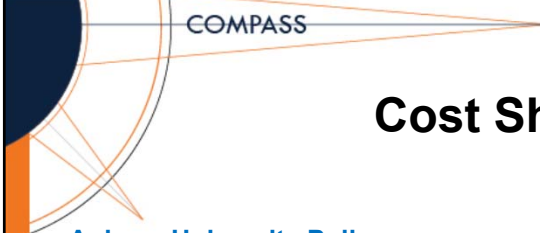
- (1) Are verifiable from the non-Federal entity's records
- (2) Are not included as contributions for any other Federal award
- (3) Are necessary and reasonable for the accomplishment of project or program objectives
- (4) Are allowable under Subpart E – Cost Principles
- (5) Are not paid by the Federal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



# Cost Sharing

## Auburn University Policy


- Recover full costs from the sponsor
- May cost share where:
  - Mandated by the sponsor
  - Required by federal regulations
  - Required to properly document committed effort
- Voluntary committed cost sharing is discouraged
  - \* **Once committed, it becomes required**
- No cost share for agreements with industry or corporate sponsors



# Cost Sharing

## Auburn University Policy

- Commitments must be approved by department heads, deans or directors, and the appropriate vice presidents
- Any AU employee who spends 5% or more of his/her effort in any given period on a specific sponsored project or projects should allocate his/her salary to each sponsored FOAP, cost share FOAP, and/or university FOAP based on percentage of effort expended for each activity



# Cost Sharing


## Responsibilities

**Principal Investigator and his/her responsible department**

- Ensure proposed cost share is properly approved and is documentable *before* proposal is submitted
- Review each agreement for the method and amount of cost sharing required
- Provide funds to cover cost sharing commitment
- Provide verifiable documentation of third party non-cash contributions

**Office of Sponsored Programs**

- Verify appropriateness of accounts from which cost sharing has been pledged
- Ensure that approval has been received from responsible officials (Deans, Department Heads, Private Sponsors)
- Ensure that proper documentation is provided for contract files

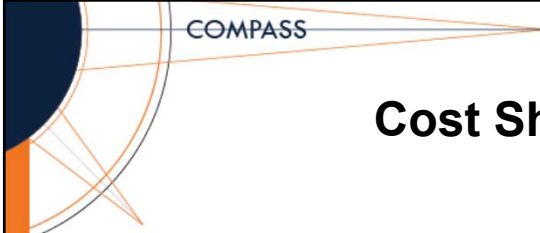


# Cost Sharing

## Responsibilities

### Contracts and Grants Accounting

- Review awards for cost sharing commitments
- Prepare and submit cost sharing reports to sponsors
- Monitor expenditures to make sure commitment is met
- If necessary, make adjustments to meet match requirement

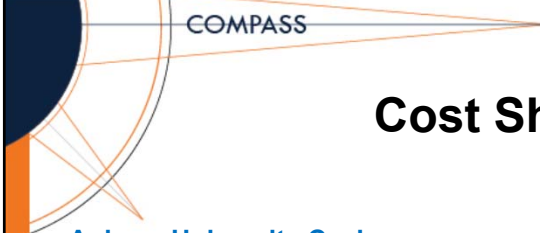


# Cost Sharing

## Types of Cost Sharing

### Auburn University Cash

- Direct costs
- Most often salaries, wages, and employee benefits, but not limited to that
- Requires separate, dedicated cost share FOP
  - Each department has a separate cost share fund by Division
  - Each cost share fund also has a cost share grant number
  - Separate and unique cost share org established for each sponsored award



# Cost Sharing

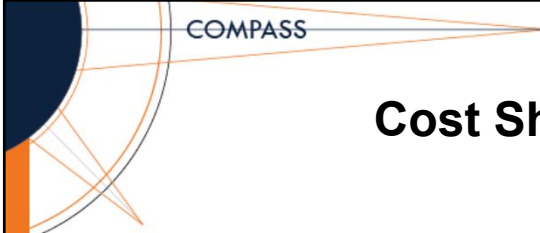
## Auburn University Cash

**What can we commit as cost sharing?**

- Faculty/staff effort = salaries, wages, benefits
- Equipment
- Other Direct Costs
- F&A costs (if approved by the sponsor)

**What can we *not* commit as cost sharing?**

- Administrative salaries and other costs
- Unallowable costs
- University facilities such as laboratory space
- University owned equipment

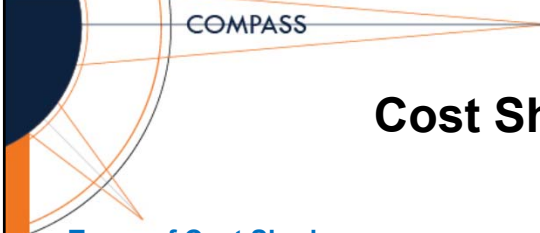


# Cost Sharing

## Types of Cost Sharing

**Waived or unrecovered F&A costs**

- May be included as part of cost sharing only with the *prior approval* of the awarding agency
- Are the F&A costs on the direct costs; can be on both sponsor and AU costs
- Are calculated and reported by CGA but are not recorded in Banner




# Cost Sharing

## Types of Cost Sharing

### Third-Party cash contributions

- OSP works with third-party to obtain agreement
- Separate restricted FOP is established
- Funds must be non-federal and must receive specific confirmation from the third-party that it is ok to use the funds as cost share

*Sponsored budget should include information on any third-party contributions.*



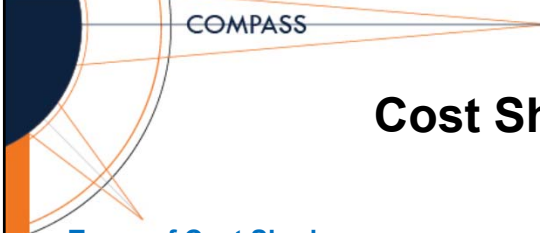
# Cost Sharing

## Types of Cost Sharing

### Third-Party In-kind or Non-cash contributions

- Are the value of contributed goods and services directly benefitting the project; provided by an outside source
- Must be verifiable and be documented by written confirmation from donor of value of services provided
- Volunteer services may be used if the service is an integral and necessary part of the approved project.
  - Rates should be consistent with those paid for similar work in recipient's organization
  - Shall be documented by the same methods used for regular employees (time sheets)

*Sponsored budget should include information on any third-party contributions.*




# Cost Sharing

## Types of Cost Sharing

### Program Income

- Income earned that is directly generated by a supported activity or earned as the result of the award
- Requires specific sponsor approval to be used as cost sharing
- Separate restricted FOP is established
- We can only count what we *spend* as match
- Collected income must be fully expended by the end of the project period



# Cost Sharing

## Examples - what type of cost sharing?

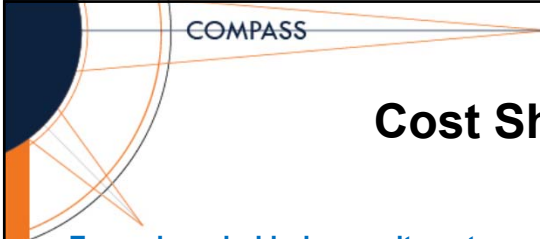
PI will supply 5% effort in support of the project but will not seek reimbursement from the sponsor for that effort. There's a mandatory cost sharing requirement.

The total cost of a project is \$20,000. A federal award for \$15,000 is received. The Very Nice Foundation sends a \$5,000 check to help cover the costs. The PI wants to use the \$5,000 as cost sharing.

I received a grant in the amount of \$5,000 for a conference. I am going to charge the attendees \$10 each for the food, which isn't covered by the grant.

The sponsor limits F&A recovery to 8%. There is a mandatory cost sharing requirement in the RFP.






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# Cost Sharing

Examples – in-kind commitments




SOUTHEASTERN  
LOUISIANA UNIVERSITY

July 19, 2012

Dr. Todd Smith:

I wanted to write this note to let you know that we at Southeastern are fully in support of your child welfare grant funded by the Department of Health and Human Services at Auburn. We look forward to hosting your conference in the Hammond building conference room September 14-16 to help health care workers receive this important training. We normally rent this conference room for \$1,000 per day and will happily wave this fee for this important 3 day conference to help make this event more affordable to the participants.

Thank you again for bringing this educational opportunity to our community.

Regards,  
  
Dr. Stan Lee  
Dean, College of Liberal Arts

Department of Human Development • Social Work Program  
SLU 10669 • Hammond, LA 70402 • 985-549-2080 • Fax: 985-549-5046  
A member of the University of Louisiana System



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## Cost Sharing

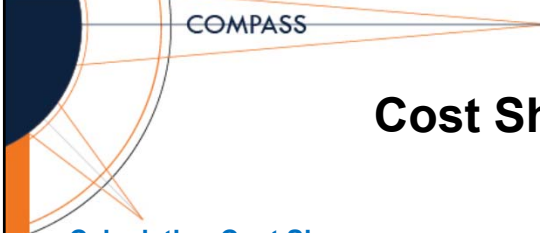
**Calculating Cost Share**

A new \$10,000 piece of equipment is required to complete the work.

**Budget Requested from the Sponsor**

PI Salary	\$10,000
Benefits	3,250
Supplies	4,000
F&A @ 51%	8,798

What is the cost sharing amount?

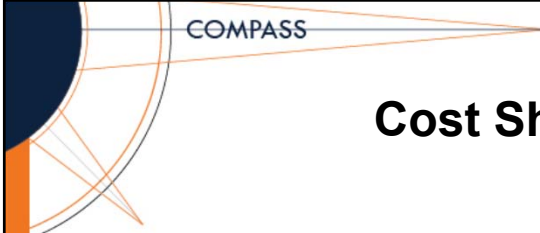


## Cost Sharing

### Calculating Cost Share

A sponsor has awarded the university \$30,000. The sponsor requires AU to provide 30% match.

What is the cost sharing amount?



## Cost Sharing

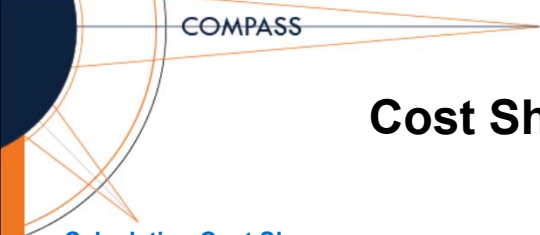
### Calculating Cost Share

PI Salary = \$55,000  
PI committed 10% effort

**Budget Requested from the Sponsor**

Salaries	\$2,000
Benefits	650
Supplies	4,000
Equipment	10,000

What is the total of salary and benefits to be cost shared?




## Cost Sharing

**Calculating Cost Share**  
 1:1 Mandatory Match requirement  
 Sponsor does not pay F&A costs and does not allow them as cost sharing

**Budget Requested from the Sponsor**

Salaries	\$10,000
Benefits	3,250
Supplies	4,000
Travel	3,000

What should the cost sharing amount be?  
 What could be used as cost sharing?



## Cost Sharing

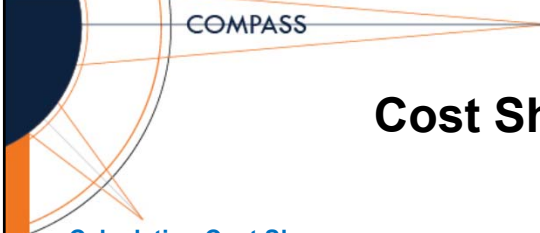
**Calculating Cost Share**  
 On-campus Organized Research (OR) project

PI Salary = \$50,000  
 PI committed 10% effort

**Budget Requested from the Sponsor**

PI Salary	\$5,000
Benefits	1,625
Supplies	4,000
F&A @ 20%	2,125

This sponsor has approved unrecovered F&A as cost sharing.  
 What's the total of unrecovered F&A?



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## Cost Sharing

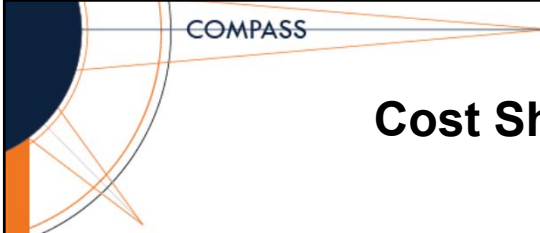
**Calculating Cost Share**  
On-campus Organized Research (OR) project

PI Salary = \$55,000  
PI committed 10% effort

**Budget Requested from the Sponsor**

Salaries wages and benefits	\$0
Supplies	4,000
Travel	3,000

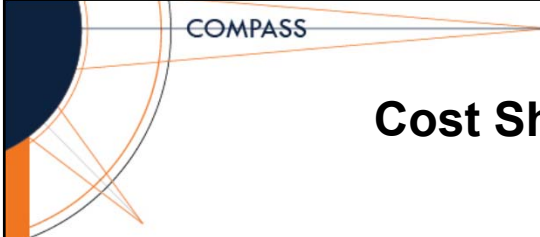
This sponsor has approved unrecovered F&A as cost sharing.  
What's the total cost sharing provided?



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## Cost Sharing

Handout



## Cost Sharing

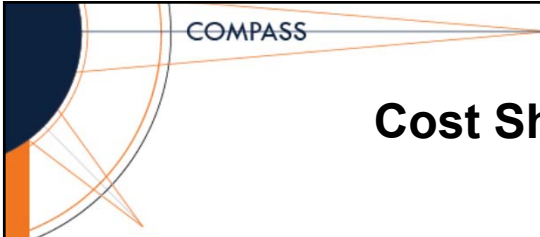
**Additional Information**

If the cost sharing requirement is not met at the end of the agreement, CGA is authorized to reduce the federal share of expenditures and increase the cost sharing expenditures to meet the requirement.

Some sponsors do not allow cost sharing.

Cost sharing must be documentable and verifiable.

Even if cost sharing is not mandatory, once committed by AU, it becomes required and we must document it.



## Cost Sharing

# Questions?