

Splitting the Costs:

Best Practices for Managing Matching Funds

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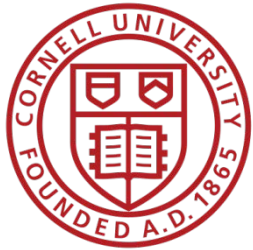
Sponsored Financial Services





Agenda:

- Cost Share
 - Types of cost share
 - Mandatory versus Voluntary
 - Committed versus Uncommitted
 - Best Practices for proposing cost share
 - Eligible cost share expenses
 - Examples of cost share
 - Documentation
 - 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





Type of Cost Share:

- **Mandatory**
 - A contribution to a sponsored project or program required by the sponsor as a condition of obtaining the award.
- **Voluntary**
 - A contribution to a project or program offered by the Principal Investigator, but not required by the sponsor as a condition of obtaining the award.
 - Committed: Quantified in the budget/budget justification
 - Uncommitted: Not quantified nor reflected in budget/budget justification



Mandatory and Voluntary Committed:

- **Mandatory**
 - Required by the sponsor
 - Binding commitment
 - May be a fixed percent or specific dollar amount
 - Reported to the sponsor
- **Voluntary Committed**
 - Not required (nor encouraged) by the sponsor
 - 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:

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



Before Proposing Cost Share Consider...

- Avoid cost share unless mandatory
 - refer to institutional policies, agency rules, and solicitation requirements
- Where possible, do not quantify
 - unreimbursed costs quantified in budget/budget justification = cost share
- Mandatory and Voluntary Committed cost share goes into the cost base
 - functionally classified according to project
 - included in the cost base for indirect cost rate
- If a project is not fully funded, the cost sharing commitment should be proportionally reduced
 - if award is reduced, remember to adjust cost share commitments otherwise it's committed!
- Failure to meet cost share requirements may result in loss of funding
 - may need to return funds received
- Ensure that the source of the cost share is appropriate
 - Refer to matrix - Cost Share Allowability



Cost Share Allowability Matrix

| | Cost Sharing Source | | | | |
|--|----------------------------|--|---|--|-----|
| | Federal | | | | |
| | Sponsor Source | State with Federal Flow-Through | | | |
| | | | State without Federal Flow-Through | | |
| | | | | Non-Government with Federal Flow-Through | |
| | | | | Non-Government without Federal Flow-Through | |
| | | | | | |
| Federal | No | No | Yes | No | Yes |
| State with Federal Flow-Through | No | No | Yes | No | Yes |
| State without Federal Flow-Through | Yes | Yes | No | Yes | Yes |
| Non-Government with Federal Flow-Through | No | No | Yes | No | Yes |
| Non-Government without Federal Flow-Through | Yes | Yes | Yes | Yes | Yes |

Note:

An entity cannot use cost share from a different project that is funded by the entity or parent entity.



Eligible Cost Share :

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



Examples of Cost Share:

- Effort (i.e. Salary and Wages), including benefits
- Unrecovered indirect costs (requires approval from agency)
- Institutional waivers for Graduate Research Assistantships (GRA's)
- Interrelated sponsored projects
 - Shared interest in the project
 - Refer to Cost Share Allowability matrix
- External contributions
 - Subaward commitment
 - In Kind
- Volunteered services
- Donated equipment or supplies
- Project expenses incurred beyond the original budgets (not included in proposal)
- National Institute of Health's (NIH) salary cap
 - Cannot be used as committed cost share (not an allowable expense)
 - Accounted for in similar fashion as cost share
 - Documented with the project
 - Retained in indirect base



Period of Performance-Continuity:

- Matching costs must be incurred during the period of performance
- There are some agencies that expect continuity throughout the project's performance:
 - Agency may question lack matching funds reported
 - Some may also 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.



Documentation:

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



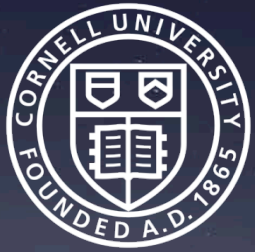
Are these Acceptable?

- Required by solicitation:
 - PI contributes 10% of effort towards project
 - PI will contribute effort toward the research
 - \$10,000 towards the required equipment will be funded institutionally
- Not required by solicitation:
 - PI contributes 10% of effort towards project
 - PI will contribute effort toward the research
 - \$10,000 towards the required equipment will be funded institutionally



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
- Expenses cannot be contributed towards multiple projects
- Cost share between the same source of funding is prohibited
- Unmet obligations can result in loss of funds
- Cost share negatively affects the institution's indirect cost rate
 - Project and cost share expense must be in the same cost base



Questions?

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