Cost Share

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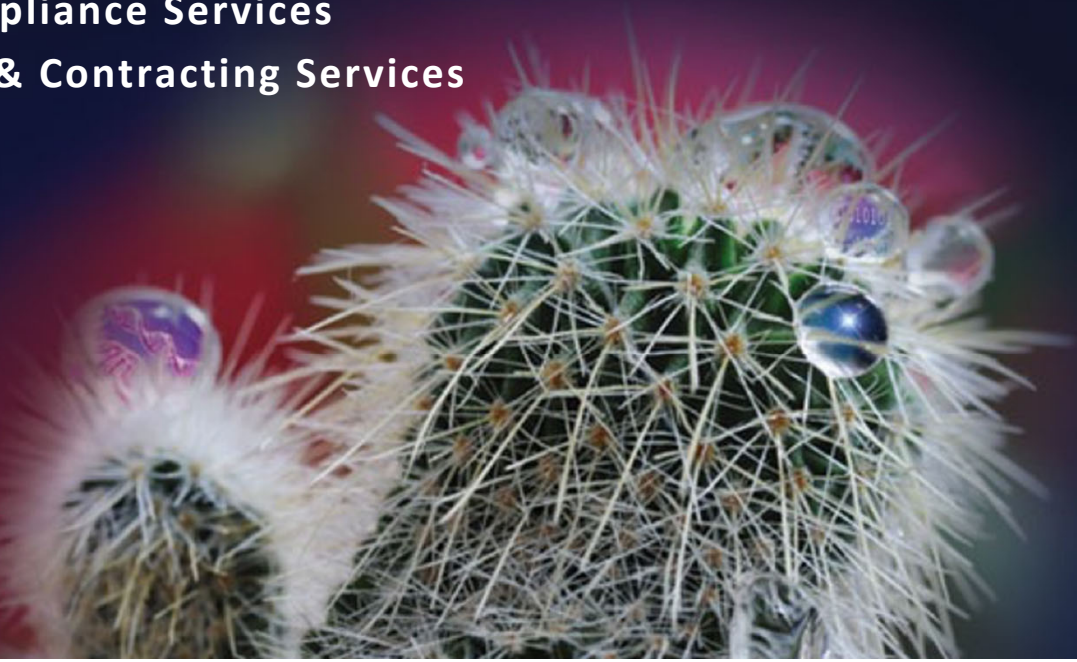
Financial Compliance Services
Sponsored Projects & Contracting Services



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Objectives

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- Define cost sharing
- Types of cost sharing
- Compliance and burden
- Strategies to minimize cost share
- Minimum level of investigator effort
- SPCS responsibilities

What is Cost Share?

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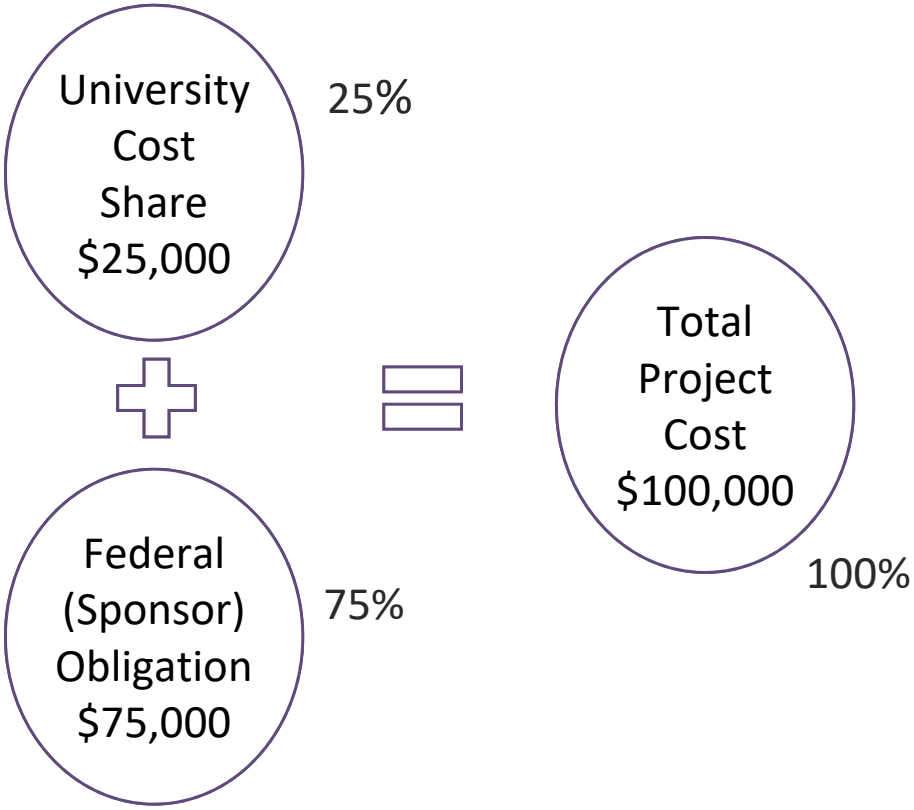

Per Uniform Guidance – "*Cost sharing or matching* means the portion of project costs not paid by Federal funds"

Types of Cost Share

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Mandatory

- Required by the sponsor
- Must be documented in the proposal and proposal budget
- May be identified in the agency's policies and guidelines, the funding announcement, or in the award terms and conditions
- Must be tracked

Types of Cost Share

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Voluntary Committed

- Not required by the sponsor
- UA specifically quantified as part of the proposal
- If proposal is awarded, becomes part of the award and is therefore committed by the University
- Must be tracked

Types of Cost Share

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Voluntary Uncommitted

- Not required by sponsor
- Not committed in proposal
- Does not need to be tracked or documented
- No tracking = No compliance issues

Types of Cost Share

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Mandatory
- Required by the sponsor for proposal

Voluntary Committed
- UA includes in the proposal when not required by the agency

Voluntary Uncommitted
- Project Costs not included in the proposal to the agency

UA is required to track and meet

Compliance & Burden

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- Financial compliance required when cost share is committed
- Administrative burden increases
  - Posting
  - Tracking
  - Monitoring
  - Reporting

Financial Issues with Cost Share

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- Becomes a binding commitment to the University and its resources.
- Lowers the institution's F&A rate, thereby reduces F&A return to colleges and departments.
- Redirects University resources from their intended primary use, to fund the cost share.

Administrative Burdens of Cost Share

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- Imposes a significant administrative burden on both faculty and business staff for tracking and monitoring.
- Adds complexity to budgeting, reconciliation, and reporting; particularly on the accounts that fund cost share.
- Results in increased scrutiny by federal auditors.

Voluntary cost share improves chances of funding?

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Voluntary Cost Share & Uniform Guidance

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- Per UG –

  "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…"

Strategies for Minimizing Cost Share

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- Mandatory Cost Share
  - Only propose what is required
  - To lower risk - try to limit to UA obligations, and not third party such as subawards, volunteers, donations.

Strategies for Minimizing Cost Share

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- Voluntary Cost Share
  - Direct charge senior personnel effort whenever allowed by the sponsor.
  - Avoid specifically quantified commitments *(such as effort percentages and/or dollars)*
  - However, if the resources are the PI or senior personnel, then we must quantify in order to track per OMB requirements.

Strategies for Minimizing Cost Share

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- Use language that is non-quantifiable and does not commit UA
  - The PI Wilma Wildcat is requesting 10% salary support and will provide additional support as needed.
  - Professor Wilbur Wildcat will be consulting with the project and providing advice. *(However, this doesn't work for the PI since effort must be tracked as a direct or cost share per OMB)*
  - A graduate assistant will assist with the project as needed.
  - A research scientist will be assigned to analyze samples as necessary.

Strategies for Minimizing Cost Share

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- Language, con't
  - The University is contributing access to supercomputing resources to assist with the project.
  - The PI will have access to resources such as a mass spectrometer to complete the project.
  - Third party donors will contribute to the project.
  - Volunteers will assist with the project.

Minimum level of effort and cost share

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- Per OMB, the institution must track investigator effort.
- The effort is part of the person's base compensation, and cannot be "volunteered"
- Therefore, the effort has to be tracked, either as a direct charge to the grant, or as a cost share in the cost share subaccount system.
- Only on certain awards may faculty effort not be tracked, such as equipment or student support grants.

NSF stance on cost share

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- Although NSF prohibits voluntary cost share from being listed on the budget, OMB still requires the faculty effort to be tracked in the cost share system for F&A calculation purposes.

- NSF - “For proposals requesting no effort and salary on the budget, awardees must be aware that should an award be made, they remain subject to the provisions of OMB M-01-06 “Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs,” regarding requirements for committing and tracking “some level” of faculty (or senior researcher) effort as part of the organized research base.”

SPCS Role in Cost Share
Pieces of the Cost Share Puzzle

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Proposal Services

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Responsible for:

- Review mandatory cost share requirements
- Review of Cost Share Budgets
- Review of PI Effort

Postaward Services

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- Create Cost Share Subaccounts with proposal/award information
- Update UAR with cost share requirements
- Ensure all Committed Cost Share is met (Reportable or Not)
- Determine if Cost Share is Reportable, report as needed
  - Generally reportable when mandatory sponsor requirement (or voluntary commitment is incorporated into the budget or award notice) AND sponsor requires a financial report

Financial Compliance Services

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- Monitor cost share subaccounts with no activity
- Review cost share for NIH/HHS salary cap via the Effort Reporting process
- Assist with complex cost share reviews
- Provide cost share information and transactions in an audit or site visit

Resources on Research Gateway

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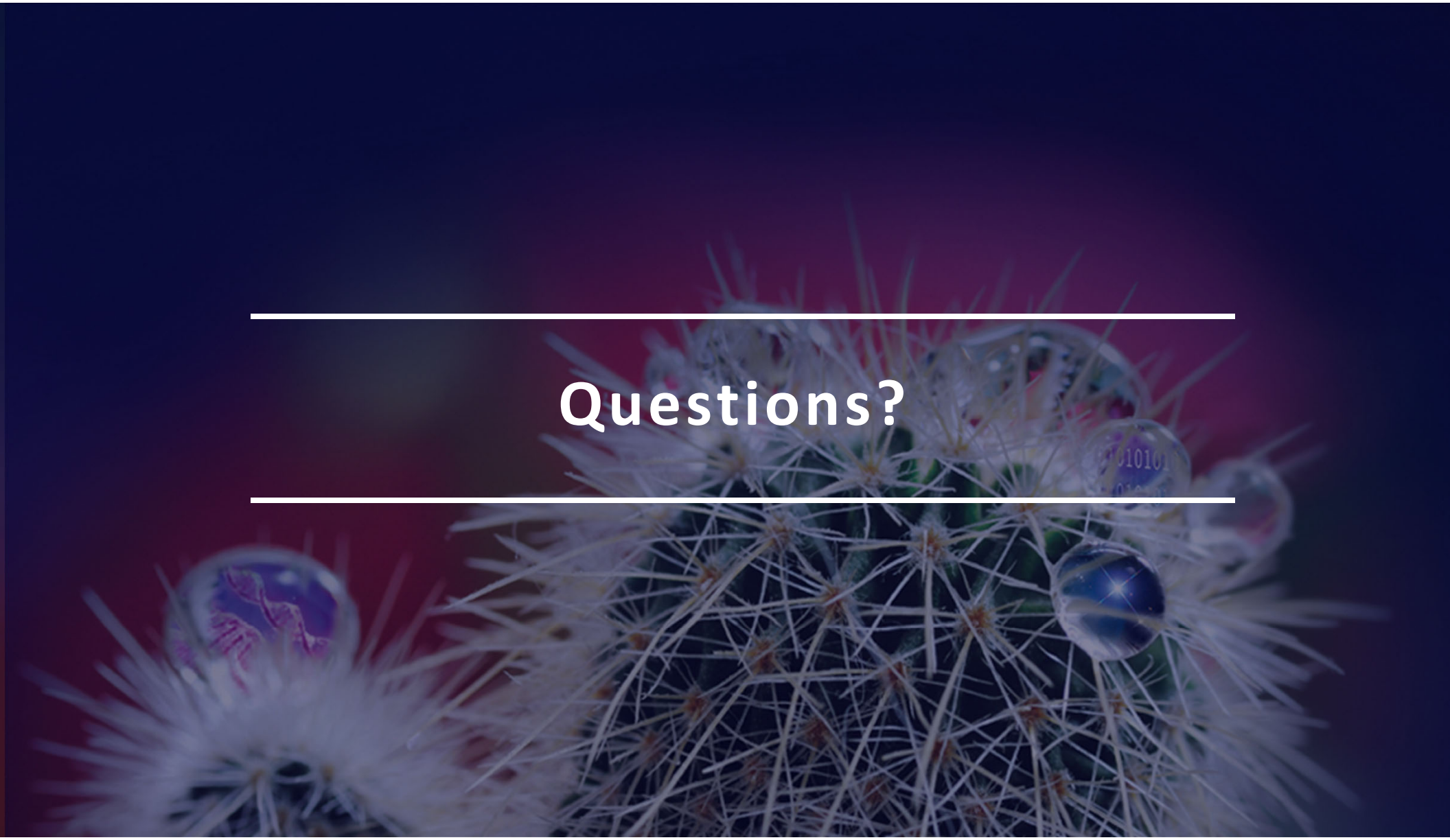
- http://rgw.arizona.edu/administration/proposal-preparation/cost-sharing-and-matching
- Review the cost share intro
- Review procedures for cost share
- Review the guide to posting cost share expenditures
- HHS Salary cap cost share calculators



Questions?