



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

2018 ConnectCarolina User Conference.

Cost Share – The “What – Where – When – How” of Cost Share

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[Link to Policy](#)

<https://research.unc.edu/sponsored-research/operating-standards/#500.7>

What is Cost Sharing?

- *Cost sharing or matching means* the portion of project costs not borne by the awarding agency or sponsor.
- Adapted from definition of federal cost sharing in §200.29 of OMB Uniform Guidance (2 CFR Part 200): “*Cost sharing or matching means* the portion of project costs not paid by Federal funds”

Should We or Should We Not?



When Should We Cost Share?

- When required/mandatory in funding opportunity announcements/solicitations



When Shouldn't We Cost Share?

- In most cases you should not voluntarily commit cost share in the proposal. Cost share is a true cost to the institution – someone pays.



Cost Share **Required** *or mandated* by the sponsor as condition of award.

Requirements for federal program announcements
(Appendix I, C.2):



Must state that cost sharing is required or explicitly state it is not required.

May be percentage % or stated amount \$.

Include restrictions on specified items or activities or types of costs.

Required proposal cost sharing documents.

Voluntary Committed. Not required as a condition of the award but specifically (*in a quantifiable manner*) and voluntarily pledged



Neither expected nor considered during proposal merit reviews unless explicitly specified in funding opportunity.

Commitments usually found in budget and budget narrative/justification.

Sign on the dotted line.

Required and Voluntary cost sharing included in a proposal are binding commitments of the University when an award is made.



If the proposal is funded, both of these types of cost sharing must be recorded, tracked and reported. *(must be accounted for in the institutions records)*

Cost Sharing: Criteria

What Costs Are Allowable?

- Reasonable & Allocable
- Necessary for performance of award
- Treated consistently across funding sources
- Per award terms and conditions
- Per institutional policies, operating standards and procedures

What Costs Are NOT Allowable?

- Amounts used as cost sharing on another project
- Other federal award expenditures unless allowed by statute
- Other non-federal sponsors unless approved by that agency
- Administrative and clerical costs, unless allowed as direct costs on sponsor share
- Alcoholic beverages & Entertainment costs

Administrative Burden

Impact on Indirect Cost Recovery

- Unable to recover indirect costs associated with cost sharing

Increased Department and Central Office Burden

- Tracking and reporting on both sides.
- Certification of effort

Increased Audit Risk

- If Cost Share is not met or proven.

Potential Consequence of not meeting Cost Share Commitment



Sponsor may not accept invoices if cost share isn't reflected on it.



Sponsor may disallow a prorated portion of UNC allowable expenses if our cost share commitment isn't met.



Sponsor may consider UNC in default of award if our cost share commitment isn't met and could terminate the award.



Future funding for Sponsor could be put at risk.



If a third party cost share commitment isn't provided, UNC's cost share commitment could increase accordingly.



Contact OSR immediately if you think you won't meet your cost share commitment.

Types of Cost Share

Cash Matching (GL, UNC Pays)

- Hard dollars or funds specifically appropriated for and allocated to the project.

Contributed effort (GL, UNC Pays)

- Faculty and staff effort funded by non-sponsor sources (documented in eCRT)

In-Kind Matching (Non-GL, Third Party Pays)

- Third party contribution
- Donated/Volunteer Services
- Requires documentation from the third party

Unrecovered Indirect Costs (Non-GL, UNC Pays)

- If solicitation doesn't address unrecovered indirect costs, then sponsor must give prior approval
- Must be provided for in the approved budget when submitted application to the sponsor

Let's take a look at some examples

Proposal

Post Award

Reporting and Audit

Working On The Proposal



Cost Sharing Example at Proposal

North Carolina **Biotechnology Center**

- Up to \$3,000 may be requested. Actual award amounts are based on availability of funds and may be less than the amount requested.
- Other significant support for the event is expected in addition to Biotech Center funds. A BES grant is not intended to be the sole source of funding for an event.

Cost Sharing Example at Proposal

Cost Reimbursement Grants

A first-time successful applicant is required to match at 24 percent for the first three-year funding period. Starting with year four, the match requirement gradually increases every year to 50 percent by year ten, according to the minimum overall share chart found in 45 CFR §2521.60

	Years 1-3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Overall Minimum Match Share	24%	26%	30%	34%	38%	42%	46%	50%

How to Calculate Minimum Match Requirement

$$\begin{aligned} \$ \text{ CNCS (Federal) Request} \div (100\% - \text{minimum match share}\%) &= \$ \text{ TOTAL AWARD} \\ \$ \text{ TOTAL AWARD} - \$ \text{ CNCS Request} &= \$ \text{ Grantee Share} \end{aligned}$$

Example:

A program in year 7 (minimum match share = 38%) of AmeriCorps operations is requesting \$300,000 from CNCS.

$$\begin{aligned} \$300,000 \div (100\% - 38\% \text{ (or } 62\%)) &= \$483,871 \text{ (minimum total award)} \\ \$483,871 - \$300,000 &= \$183,871 \text{ (minimum grantee share)} \end{aligned}$$

Salary/Fringe limits that need to be Cost Shared (On GL)

NIH Releases Guidance for FY18 Salary Caps

2018-03-12

Effective January 7, 2018, the NIH increased their salary cap from \$187,000 to \$189,600, which is the Executive Level II of the Federal Executive pay scale. NIH grantees may rebudget to accommodate the new salary cap for awards issued in specific years that were restricted to Executive Level II, but no additional funds will be provided to the grant awards to accommodate salary increases.

Please see NIH Notice [NOT-OD-18-137](#) and the [Salary Cap Summary](#) for more details.



Program	Award Duration	Total Award Amount (including Indirect Costs)	PI Salary/ Fringes	Project Support	Maximum Award Amount
Scientist Development Grant	Up to 4 years	\$77,000 including 10% indirect costs	Up to \$35,000 for Principal Investigator salary/fringe	<u>At least</u> \$35,000 for Project support	\$308,000

Things to think about before committing cost sharing.



- Is this in the best interests of the institution and/or department?
- Identify source of funding and is there available funding to cover the cost share?
- Obtain commitments/approvals from providers
- Obtain approvals from the department, division and institution

What to do if you answer Yes!

Work with OSR/SPO pre-award office to review sample wording for budget narrative, both to commit and to avoid cost sharing.

Required support/forms

- Budget by categories of costs
- Sources of funding identified
- Written commitments from third-party providers
- Institutional approvals
- Ensures budget narrative avoids unintended quantifiable commitments (i.e., voluntary committed cost sharing)

Ramses Questions at Proposal

Cost Sharing or Cash Matching (initial/current budget period)

[Help](#)

*Does this proposal include funds or contributions in the form of required cost sharing or required cash matching?

☐ Yes ☒ No

If yes, please fill in below:

[Click Here to Add Cost Sharing/Cash Matching Unit](#)

No cost share units have been added.

Check the appropriate cost sharing/cash matching type(s): Please check all that apply

☐ **Agency Mandated** % or Amount:

Please check all that apply

☐ F&A

☐ In-Kind

☐ Matching

☐ Salary Cap

Other:
(Limit 20 characters)

☐ **Voluntary** (Mandatory if Awarded) Amount:

Please check all that apply

☐ F&A

☐ In-Kind

☐ Matching

☐ Salary Cap

Other:
(Limit 20 characters)

*Are you requesting the Dean, Chair or VC for Research provide funds to support this proposal?

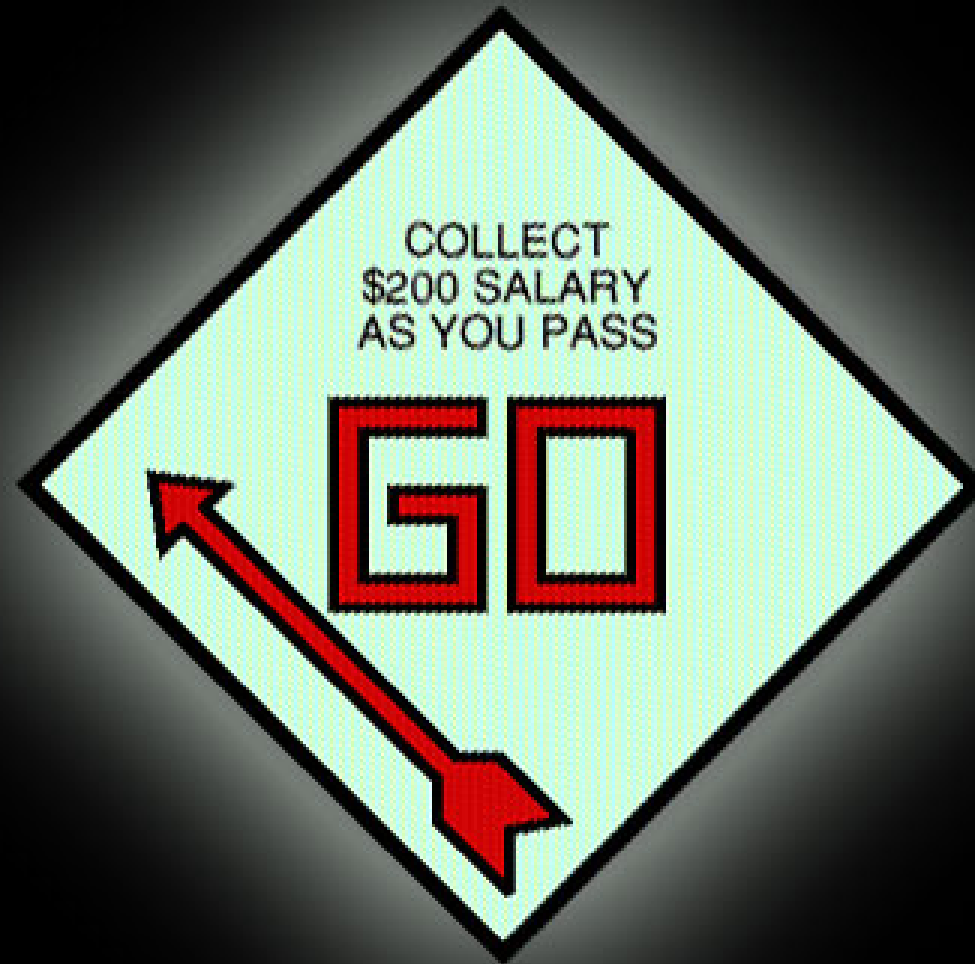
☐ Yes ☒ No

Examples

Guidance for Calculating Cost Share

Salaries	50,000
Fringe	12,500
Supplies	4,500
Travel	3,000
Equipment	5,000
Direct Cost	75,000
Indirect Cost (55.5% of everything except equipment)	41,625
Total Award	116,625
	116,625
	X .20
Cost share = 20% Match on Total Award	23,325 University commitment

Post Award



You got the award now what?

Notices of award and award set up indicate cost sharing is required

- Use Chartfield String to note which expenses are cost shared.

Sub award agreements (**In-Kind Match**) include all cost sharing for commitments in proposal

- The amount of cost sharing being provided.
- Name, rate of pay, and effort amounts for each individual who will contribute effort.
- Sub awardee will be responsible for maintaining the documentation of costs for audit.
- **Ultimate responsibility for cost sharing is prime recipient.**

Sample Cost Share Post Award

11. PERIOD OF PERFORMANCE	12. TOTAL AWARD TO SUBRECIPIENT	13. TOTAL FED. FUNDS	14. TOTAL NON-FED. FUNDS
July 1, 2016 to December 31, 2017	\$25,000	N/A	\$25,000
15. FEDERAL MATCH REQUIREMENT	16. NON-FEDERAL MATCH REQUIREMENT		
N/A	\$27,962		

K. Cost Share Summary

The project sponsor encourages a 1:1 match on the total budget. UNC will provide \$17,962 in matching funds, while the City of Raleigh will provide \$10,000 in in-kind donation of staff time contributed to the project, for a total of \$27,962 in cost share. In summary, the cost share sources are:

- \$7,650 in stipend for a graduate research assistant from the UNC MPA program
- \$7,975 in tuition for a graduate research assistant from the UNC MPA program
- \$2,337 in fringe and medical for a graduate research assistant for the UNC MPA program
- \$10,000 in-kind support from staff time contributed to this project by the City of Raleigh Stormwater

Sample ConnectCarolina Cost Share Transaction (GL)

Epidemiology – Disbursement for Scientific Supplies
from Sponsored Award for Research with cost share

Business Unit	Fund	Source	Account	Dept ID
UNCCH	20101	12001	537110	463500
PC Business Unit	Project ID	PC Activity ID		
CHOSR	5033746	1		

Sample of Unrecovered Indirect Costs (Non-GL)

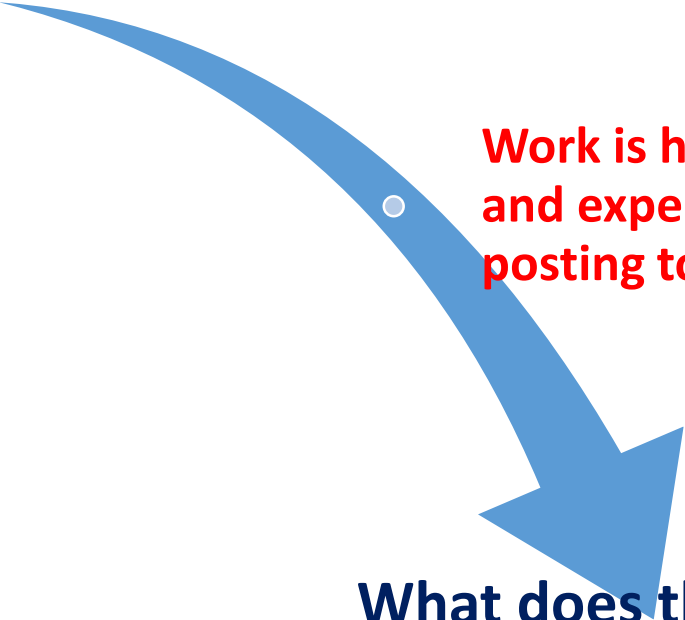
B. Federally Approved Indirect Cost Rate

Calculation -Cost Type -Rate -Rate Claimed -Cost Basis	CNCS Share	Grantee Share	Total Amount
Predetermined: Total Direct Costs: 55.5% indirect on total direct request minus the 5.26% allowable.with a rate of 50.24 and a rate claimed of 50.24	0	145,047	145,047
Predetermined: Total Direct Costs: 4.21% CNCS allowed request (\$284,318)with a rate of 4.21 and a rate claimed of 4.21	12,155	0	12,155
Predetermined: Total Direct Costs: 1.05% Commission Request (\$284,318)with a rate of 1.05 and a rate claimed of 1.05	3,031	0	3,031

BUDGET Totals	303,893	351,038	654,931
PERCENTAGE	46%	54%	

Reporting and Auditing

Awarded
\$\$\$.



Work is happening
and expenses are
posting to the GL.

**What does the Sponsor
expect to see on the
invoice or report.**

SHOW



Example of Cost Share posting to the GL

Expense Node	Account	Descr	Budget	LTD Exps	Avail Bal	FY Exps	Per Exps
OTHER_CONTRACTS	569471	Grants-Oth Contract/Grant	1,250.00				
			1,250.00	0.00	1,250.00	0.00	0.00
MISC_EXPENSE	558921	Meetings and Amenities		1,250.00			
			0.00	1,250.00	(1,250.00)	0.00	0.00
DIRECT_COSTS SUB TOTAL			1,250.00	1,250.00	0.00	0.00	0.00
			36,150.00				
			36,150.00	0.00	36,150.00	0.00	0.00
MISC_EXPENSE	558921	Meetings and Amenities		15,075.63			
			0.00	15,075.63	(15,075.63)	0.00	0.00
_COST_SHARING SUB TOTAL			36,150.00	15,075.63	21,074.37	0.00	0.00
PROJECT 5107366 TOTAL (Including COST SHARE, if required)			37,400.00	16,325.63	21,074.37	0.00	0.00

Example of Cost Share posting to the GL

Expense Node	Account	Descr	Budget	LTD Exps	Avail Bal	FY Exps	Per Exps
			25,000.00				
			25,000.00	0.00	25,000.00	0.00	0.00
SALARIES	511170	EHRA Non Teach Student Monthly		11,400.02			
SALARIES	513120	EHRA Teach On Campus		1,229.26			
			0.00	12,629.28	(12,629.28)	0.00	0.00
FRINGE	515120	Social Security-OASDI		74.76			
FRINGE	515130	Social Security-Hospital Insur		17.47			
FRINGE	515410	ORP-TIAA Retirement		83.47			
FRINGE	515420	ORP-TIAA Health Plan Benefits		78.12			
FRINGE	515530	Medical Insurance-HMO Health P		60.54			
FRINGE	515540	Medical Insurance-Grad Student		1,284.75			
FRINGE	521110	Transit Fees		37.86			
FRINGE	521210	Core Data Services		68.15			
			0.00	1,705.12	(1,705.12)	0.00	0.00
_COST_SHARING SUB TOTAL			25,000.00	14,334.40	10,665.60	0.00	0.00

Example of Cost Share on a Financial Report



Financial Status Report *Instructions on back*

Part I: Project Identification

Institution	The University of North Carolina at Chapel Hill
Project Director(s)	P.I Pat
Project Title	Advanced OSR Training
Award Amount / NCBC Agreement No.	\$ 1,250.00 / # 123456
Report Period	FROM 8/1/2018 TO 10/18/2018
Type of Report	<input checked="" type="checkbox"/> Final <input type="checkbox"/> Other
Other Funding Sources and Amount	UNC Department of OSR \$ 15,075.63

Part II: Financial Data *Double click on the table to insert data. Use only those categories that match your approved budget.*

Salaries/Fringe Benefits	\$0.00	\$0.00	\$0.00
Tuition/Stipends	\$0.00	\$0.00	\$0.00
Subcontracts/Consultants	\$1,250.00	\$1,250.00	\$0.00
B. Materials and Supplies	\$0.00	\$0.00	\$0.00
Animal Care/Housing	\$0.00	\$0.00	\$0.00
Lab Services/Fees	\$0.00	\$0.00	\$0.00
Freight/Handling	\$0.00	\$0.00	\$0.00
C. Equipment (Over \$5,000)	\$0.00	\$0.00	\$0.00
D. Event or Meeting Expenses			
Speaker Travel	\$0.00	\$0.00	\$0.00
Space Rental/Audio Visual	\$0.00	\$0.00	\$0.00
Communication/Publicity	\$0.00	\$0.00	\$0.00
E. Travel	\$0.00	\$0.00	\$0.00
F. Other Direct Costs (Specify)			
Type:	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00
Total	\$1,250.00	\$1,250.00	\$0.00

When a Sponsor wants to do an Audit



Audit

- As a State institution UNC-CH is audited each year. We are subject to [200 CFR Subpart F-Audit Requirements](#), which lays out the Federal guidelines for all recipients of Federal funding.
- Record retention, appropriate documentation and maintenance of financial transactions and supporting documentation is critical for auditing purposes.

Example of an Audit Question.

4. Transaction level accounting reports for costs claimed on the AmeriCorps grant. The transaction level reports should show detailed information such as the expense category, general ledger date, employee name, vendor name, transaction amount, check date, etc.
 - a. Please provide in **Excel** the transaction-level accounting records supporting Federal and Match expenditures claimed on the claims/reimbursement requests submitted to the Commission for the AmeriCorps grant Award No. 12AFHNC001 for PY 2014-2015.
 - b. Please provide in **Excel** the transaction-level accounting records supporting Federal and Match expenditures claimed on the claims/reimbursement requests submitted to the Commission for the AmeriCorps grant Award No. 15AFHNC001 for PY 2015-2016.
 - c. Please provide in **Excel** the transaction-level accounting records supporting Federal and Match expenditures claimed on the claims/reimbursement requests submitted to the Commission for the AmeriCorps grant Award No. 15AFHNC001 for PY 2016-2017.

Record Retention

- Per Federal statute all financial, statistical records, supporting documentation and records for the award must be retained for three years. 200 CFR 200.33-37
- Per State statute all records must be retained for 5 years.
- If the agreement requires that we retain records for a different period then we follow the agreement.

Other Resources

- COFAR: Council on Financial Assistance Reform
<https://cfo.gov/cofar>
 - for links to OMB Uniform Guidance (2 CFR Part 200)
- A-133 Audit Compliance Supplement, 2014
https://www.whitehouse.gov/omb/circulars_default/
 - Part 3-G (cost sharing)
 - Part 6 (internal controls)
- NACCA: National Conference on College Cost Accounting
www.costaccounting.org
 - Audits tab (Summary of university audits, 01/14)