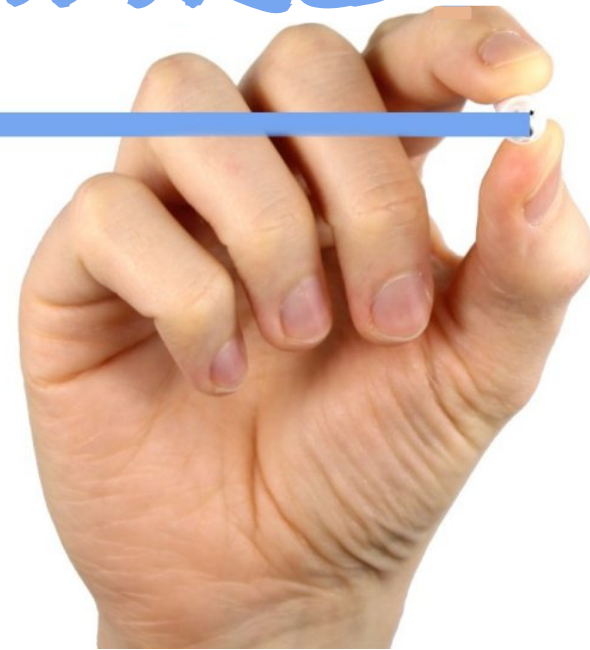


COST SHARE

Revealed



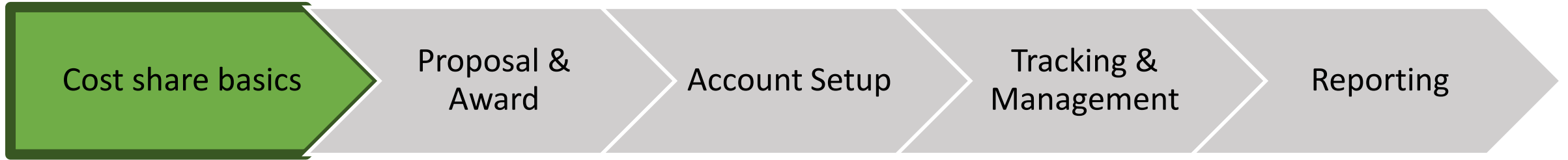
Contents

- Types of cost share
- Cost share in proposals
- Funding sources for cost share
- Tracking & Management
- Reporting



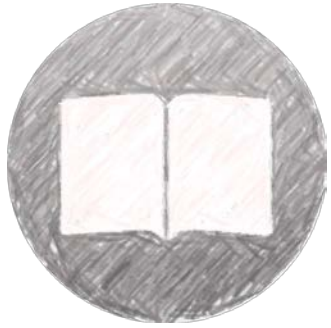
Who is this for

Department, Grants, and Finance Administrators who are involved in developing budgets for proposals (pre award) or monitoring expenditures (post award).



PART 1: Cost share basics

Administrators will understand the types of cost share and what they mean in practice, including what costs can be used to fulfill cost share requirements.



Cost share: A portion of total sponsored project/program costs not funded by the sponsor.

VOLUNTARY
INVOLUNTARY
MATCHING
COST-SHARE
IN-KIND
CASH
MANDATORY
COMMITTED

MANDATORY

- **Required** by sponsor in proposal solicitation and as a condition of award
- **Quantified** in proposal
- **Commitment** from the University
- **Documented** and reported to sponsor
- Is sometimes referred to as **matching**



EXAMPLE

The PI would like to submit a proposal to the NSF Major Research Instrumentation (MRI) program which requires a 30% cost share of total project costs.

- The total cost of the equipment is \$130,000
- BU requests \$91,000 from NSF
- BU must commit to provide \$39,000 (Mandatory) of funding
- In order to meet the obligation BU has to have a commensurate 30% share.

VOLUNTARY COMMITTED

- **Not required** by sponsor but **quantified** in proposal
- **Becomes a binding commitment** from BU
- **May be documented** and reported to sponsor
- Highly discouraged



EXAMPLE

There is no Sponsor requirement to cost share. The PI's annual salary is \$120,000. The PI commits 50% effort to the project in the proposal, but only requests 25% salary support.

PI salary at 50% = \$60,000

PI salary support at 25% = \$30,000 (sponsor pays)

The balance of \$30,000 = Cost Share (BU pays)

Cost share must be approved at the proposal stage and accounted for at the award stage.

VOLUNTARY UNCOMMITTED

- **Not required** by sponsor and **not quantified** in proposal
- **Not a binding commitment** from the University
- **Not documented** or reported to sponsor



EXAMPLE

An award requires 50% effort for the PI. The PI actually spends 60% time on the project.

- The department only charges the 50% effort to the award.
- The 10% effort over and above the budget (commitment) is voluntary uncommitted cost share and does not have to be documented.

SALARY CAP "COST SHARING"

- Salary over a cap is an unallowable expense
- Sponsor-imposed limit for individual salaries
- Cannot be used as mandatory or voluntary committed cost sharing
- Must be identified (tracked) via the PAR, for cost accounting purposes



EXAMPLE

NIH Salary cap changes annually

NSF Limits Investigator effort to 2 months per year on all combined NSF Awards; may request more than 2 months with justification; may re-budget into salary and go over 2 months per year without prior approval

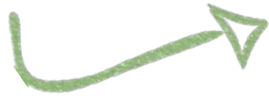
DoJ, check Notice of Award



CASH

- Operating budgets
- Other department's designated funds

Recorded in BU financial system



Example:
10% effort not charged to sponsor

Sources of funding



IN-KIND

Adds real value
w/o cash outlay

- Waived F&A costs
- Third party contributions
- Equipment use without charge
- Donated labor, services, materials, or space

Value should
be documented

Examples:

- 10% uncompensated (i.e. summer salary on CRC)
- Subawardee provides cost share, it's not reflected within BU SAP, but BU will account for it in reporting to sponsor

Impacts of cost share

PROS

- ✓ Allows sponsor to fund more projects
- ✓ Maximizes sponsor contribution

CONS

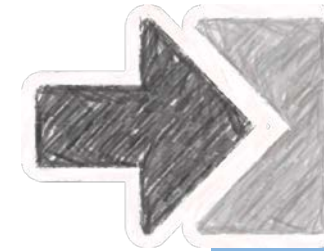
- ✗ Increases administrative burden (departments and central)
- ✗ Takes away funds that could be used for other BU activities
- ✗ Reduces PI's effort flexibility to conduct other research
- ✗ Decreases University F&A rate



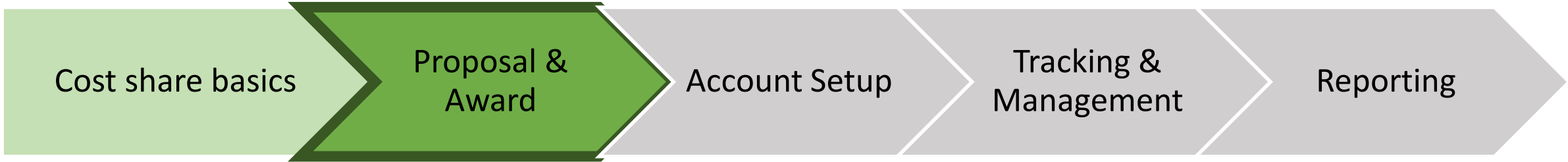
Regulatory requirements (UG)

Cost sharing contributions must meet **all** of the following criteria:

- ☑ Allowable as a direct cost under applicable cost principles and sponsor rules,
- ☑ Verifiable and documented,
- ☑ Necessary and reasonable,
- ☑ Not paid by another sponsored award (except as authorized by statute and sponsors),
- ☑ Provided for in the approved budget if required



Cost share expenditure must meet same requirements as direct charge on sponsored award



PART 2: Proposal & Award

Administrators must ensure that proposals meet the sponsors' cost sharing requirements and identify funding sources for both the sponsor-mandated and PI volunteered cost sharing commitments.

Is cost share required?

COST SHARE CONSIDERATIONS

1. Is the cost sharing either mandatory or is there persuasive evidence that cost sharing is necessary?
2. Is the cost sharing being proposed directly related and integral to this project?
3. Will it be possible to document the cost sharing for reporting purposes?
4. Is the type and source of cost share being proposed allowed by the sponsor?
5. Will the cost sharing take place within the project period?
6. Have all University contributions (including effort) been documented/approved by someone authorized to do so?
7. Have all third party contributions been documented/approved by each organization's authorized representative?

If the answer is "No" to any of these questions, cost sharing should not be included in the proposal.



Follow sponsor guidelines regarding cost share

Sponsor guidelines will specify if cost sharing is required or allowed, and if so where it should be included in the proposal

- **NSF** (National Science Foundation) prohibits voluntary committed cost sharing
- List resources in “Facilities, Equipment and Other Resources” section of proposal
- Description should be narrative
- Mandatory cost sharing only if explicitly authorized by NSF Director



EXAMPLE

NSF programs with mandatory cost sharing: I-Corps, Major Research Instrumentation Program, Robert Noyce Scholarship Program, Engineering Research Centers, Experimental Program to Stimulate Competitive Research, SBIR, STTR

In these instances cost share is included on “line M” of proposal budget

NSF Example

Administrative Terms and Conditions (CA-FATC) as well as any special conditions included in this agreement. 4. As a condition of this award, the grantee agrees to provide cost sharing as specified in the referenced proposal, in the amount of \$3,950,000. No Federal funds may be used to meet the awardee's cost sharing obligation for this project. The amount of cost sharing must be documented on an annual and final basis, certified by the Authorized Organizational Representative, and reported to the managing NSF Program Officer via Fastlane. 5. All materials produced as part of this project, including electronic components such as World Wide Web pages, Officer via Fastlane. 5. All materials produced as part of this project, including electronic components such as World Wide Web pages,

There is a corresponding mandatory 20% cost share commitment. Prof. David Bishop has been successful in securing 20% cost share for the portions of the budget allocated to the partner institutions (University of Michigan and Florida International University). This memo is requesting cost sharing support for the balance of the award issued to Boston University. The total cost share requested from BU over the 5 year grant period must total \$2,865,750 (\$1,851,537 in direct costs and \$1,014,213 in F&A that is not requested because of in kind cost-share that would not require IDC requested from NSF).

The summary of the 5 year direct cost request is as follows:

In Kind Contributions¹

	Year 1	Year 2	Year 3	Year 4	Year 5	Total Direct
BME	\$50,637	\$52,156	\$53,721	\$55,333	\$56,993	\$268,840
ECE	\$53,265	\$54,863	\$56,509	\$58,204	\$59,950	\$282,791
Photonics	\$36,034	\$37,114	\$38,228	\$39,375	\$40,557	\$191,308
ME	\$38,768	\$39,931	\$41,129	\$42,363	\$43,635	\$205,826
Total Dept. (In-Kind)	\$178,704	\$184,064	\$189,587	\$195,275	\$201,135	

Additional Cash Contributions

ENG contribution	\$167,527	\$50,976	\$54,194	\$60,696	\$67,993	
VPR contribution	\$167,527	\$50,976	\$54,194	\$60,696	\$67,993	
Photonics Contribution	\$41,749	\$12,703	\$13,505	\$15,127	\$16,916	
Total Cash Request	\$376,803	\$114,655	\$121,893	\$136,519	\$152,902	
Total Direct Cost Share	\$555,507	\$298,719	\$311,480	\$331,794	\$354,037	

I. INDIRECT COSTS (F&A)(SPECIFY RATE AND BASE)	
MTDC Base: Aug-June (Rate: 64.5000, Base: 1138973) (Cont. on)	
TOTAL INDIRECT COSTS (F&A)	
J. TOTAL DIRECT AND INDIRECT COSTS (H + I)	
K. SMALL BUSINESS FEE	
L. AMOUNT OF THIS REQUEST (J) OR (J MINUS K)	
M. COST SHARING PROPOSED LEVEL \$	3,950,000
	AGF

What CAN'T be used as cost sharing



- ✗ Other awards
- ✗ Institute facilities such as laboratory space
- ✗ Expenditures included in the F&A rate (e.g. utilities, admin salaries)
- ✗ Salary dollars above a regulatory cap (e.g. DHHS cap)
- ✗ Unallowable costs as defined in UG or sponsor limitations

What CAN be used as cost sharing



Direct costs

- ✓ Salaries and benefits
- ✓ Equipment
- ✓ Travel
- ✓ Supplies

Indirect costs

- ✓ F&A (contributed or waived)

In kind

- ✓ Donated supplies, materials, volunteer hours
- ✓ Third party contributions

F&A COST SHARE EXAMPLES

Contributed F&A refers to the F&A associated with any cash contributions, e.g.

- PI plans to contribute time and effort without compensation from sponsor, the monetary value of effort + F&A associated with it may be offered as cost sharing
- Monies from an unrestricted University fund will be used to pay for the PI's project travel, both the amount of the travel funds + F&A associated with this amount can be offered and reported as cost sharing

Waived F&A is when the University agrees not to charge its federally negotiated F&A rate to the sponsor.

- The portion waived is considered "unrecovered F&A" and can be used as cost share if this is allowed by the sponsor

Identifying cost sharing sources

Principal Investigator (PI) must identify and provide resources for cost sharing of direct costs



- ☑ Confirm that all identified cost sharing funds are allowable/eligible as cost sharing
- ☑ Use preferred cost sharing sources (less impact on F&A)
- ☑ Identify cost center responsible for fulfilling BU-funded cost sharing commitments


ACTIVITY: Budgeting \$10,000 Cost Share

The Sponsor requires \$10,000 cost share. The type of cost we use will have an impact. In this example we use equipment for cost share:

Example A: Equipment

Equipment:	\$10,000
Associated F&A @ 50% of MTDC:	\$0
Total Cost Share:	\$10,000

Capital equipment
isn't included in
MTDC, so it's \$0 F&A



ACTIVITY: Example B



Let's use travel as the cost, and try to get to \$10,000 cost share. Complete the worksheet below:

Example B: Travel

PI Travel:	$\$10,000 / 1.5 = \underline{\$6,666.67}$
	A
Associated F&A @ 50% of MTDC:	$\underline{\$6,666.67} \times 50\% = \underline{\$3,333.33}$
	A B
Total Cost Share:	$\underline{\$6,666.67} + \underline{\$3,333.33} = \underline{\$10,000}$
	A B

Example C: Salary



Example C: Salary	
PI's AY Salary:	$\$10,000 / 1.5 / 1.3 = \underline{\$5,128.21}$ A
Related Fringe Benefits @ 30% of Salary:	$\frac{\$5,128.21}{A} \times 30\% = \underline{\$1,538.46}$ B
Subtotal direct:	$\frac{\$5,128.21}{A} + \frac{\$1,538.46}{B} = \underline{\$6,666.67}$ C
Associated F&A @ 50% of Subtotal:	$\frac{\$6,666.67}{C} \times 50\% = \underline{\$3,333.33}$ D
Total Cost Share:	$\frac{\$6,666.67}{C} + \frac{\$3,333.33}{D} = \underline{\$10,000}$

ANSWER: Cost Share as a % of Sponsor Costs



When cost share is **20% of Sponsor Costs**

$$\begin{array}{ccccccc} \$30,000 & \times & 20\% & = & \underline{\$6,000} \\ \text{Sponsor Share} & & \% \text{ Cost Share} & & \text{Cost Share Amount} \end{array}$$

$$\begin{array}{ccccccc} \$30,000 & + & \underline{\$6,000} & = & \underline{\$36,000} \\ & & \text{Cost Share Amount} & & \text{Total Project Costs} \end{array}$$

ANSWER: Cost Share as a % of Total Project Costs



When cost share is **20% of Total Project Costs**

$$\begin{array}{ccccccc} \$30,000 & \div & 0.8 & = & \underline{\$37,500} \\ \text{Sponsor Share} & & 100\% - 20\% & & \text{Total Project Costs} \end{array}$$

$$\begin{array}{ccccccc} \underline{\$37,500} & - & \$30,000 & = & \underline{\$7,500} \\ \text{Total Project Costs} & & \text{Sponsor Share} & & \text{Cost Share amount} \end{array}$$

ACTIVITY: Calculating sponsor share when total costs are known



Total project costs \$30K and sponsor requires 20% cost share of the sponsor share

$$\begin{array}{ccccccc} \$30,000 & \div & 1.2 & = & \underline{\$25,000} \\ \text{Total Project Costs} & & \text{1.costshare} & & \text{Sponsor Share} \end{array}$$

$$\begin{array}{ccccccc} \$30,000 & - & \underline{\$25,000} & = & \underline{\$5,000} \\ \text{Total Project Costs} & & \text{Sponsor Share} & & \text{Cost Share amount} \end{array}$$

Comparing Examples



In each example we are starting from \$30,000 and 20% cost share, but each scenario yielded a different result for how much BU needs to fund

Example A

\$6,000
cost
share

Example B

\$7,500
cost
share

Example C

\$5,000
cost
share

Calculating cost share tips

- The Sponsor will say if the cost share is a percentage of total project costs or sponsor contribution, if in doubt ask the sponsor.
- % v \$: To avoid confusion, we recommend committing a total dollar amount, not a percentage, when applicable

Proposal budget

Prepare cost sharing budget in same level of detail as sponsor-requested budget

PROPOSAL SUMMARY FORM

SPONSORED PROGRAMS

Proposal Summary Form

Project Title

PRINCIPAL INVESTIGATOR | PROJECT DIRECTOR

Last Name First Name Email UID

Cost Center Name Cost Center Number School Department

Proposal Contact Name Proposal Contact Phone Number Proposal Contact Email

PI Status Approval Required? YES NO

OTHER PIs & CO-PIs Note: All BU PIs, Co-PIs and associated department Chairs and/or Deans must sign this form.

COST SHARE

YES	NO		Cost Share (Entire Project)
<input type="radio"/>	<input type="radio"/>	Is there cost share? If yes, include CS Excel sheet dtd.	Cost Share Funding Source #
<input type="radio"/>	<input type="radio"/>	Is an institutional letter of support required?	Total Direct Costs Total F&A Costs
		Cost Share Funding Source #	\$ 0.00
			Total Costs

<https://www.bu.edu/research/files/2023/04/PSF.pdf>

COST SHARE BUDGET WORKSHEET

Cost-Share-Budget-Worksheet

File Home Insert Page Layout Formulas Data Review View ACROBAT Tell me what

Clipboard Font Alignment Number

F75 =F71+F74

COST SHARE BUDGET WORKSHEET

Please only enter information in cells with this color. All other cells are formulae.

PI NAME AND PROJECT TITLE

PERFORMANCE PERIOD

SECTION 1

PERCENTAGE OF EFFORT		Year 1	Year 2
Annual effort requested	UID (if known)		
Name			
PI Name		0%	0%
Key Person #1		0%	0%
Key Person #2		0%	0%
Key Person #3		0%	0%

SECTION 2

	Total	Year 1		Year 2		Total
		Sponsor	BU	Sponsor	BU	
PERSONNEL COSTS						
PI Name		0	0	0	0	0
Fringe Benefits (please see current rate)	0.0%	0	0	0	0	0

http://www.bu.edu/researchsupport/files/2016/12/Cost-Share-Budget-Worksheet_9.1.16-2.xlsx

Proposing effort – best practice

When personnel is written into a grant proposal and effort is quantified, it is committing their effort to the sponsor.



**WHAT TO SAY IF YOU DON'T
WANT TO COMMIT COST SHARE**
For non key personnel

If **not** requesting salary use phrases like:

- Person X will participate in the project as needed
- Person X will provide guidance and expertise on an ad hoc basis
- Person X may oversee aspects of the project
- Person X will provide oversight as needed



WHAT NOT TO SAY

Avoid saying anything like

- *Person X will work Y amount of time at no cost to the sponsor*
- because that is considered cost sharing

Cost share approvals table

<u>Type of Cost Share</u>	<u>Sponsor Type</u>	<u>Who is Funding the Cost Share</u>	<u>Required Approval(s)</u>
Mandatory	Federal/Non-Federal	<ul style="list-style-type: none"> •Dept. Chair/Center •Director •School Dean •VP Research 	Cost Share Funder(s) and If CRC: VP Research If BUMC: School Dean
Voluntary Committed	Federal	<ul style="list-style-type: none"> •Dept. Chair/Center •Director •School Dean •VP Research 	Cost Share Funder(s) <u>and</u> If CRC: VP Research If BUMC: School Dean
Voluntary Committed	Non-Federal	<ul style="list-style-type: none"> •Dept. Chair/Center •Director •School Dean 	Cost Share Funder(s)
Voluntary Uncommitted	Federal	<ul style="list-style-type: none"> •Dept. Chair/Center •Director •School Dean •VP Research 	Cost Share Funder(s) and If CRC: VP Research If BUMC: School Dean

<http://www.bu.edu/researchsupport/forms-policies/treatment-of-cost-sharing-for-sponsored-awards/>

Whether cost sharing is required by the sponsor or is offered by the PI voluntarily in the proposal, once an award is made and the cost sharing is part of the terms and conditions, it becomes a commitment under the terms of the award and, as such, represents a binding obligation of the Institution.

**CONGRATS -
AWARD HAS
BEEN GRANTED**





PART 3: Account Setup

Administrators will understand when cost share accounts are required, and the roles and responsibilities for these tasks.

Does my award have cost share?

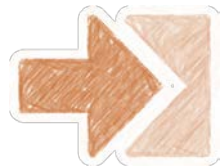
How do you know if your award has cost share?



Review proposal budget, budget justification, PSF



Review Notice of Award

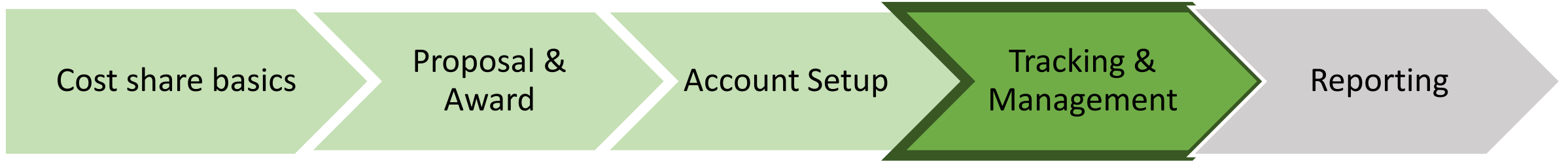


When in doubt, call your SP RA

Does my award need a cost share account?

Cost Share Type?	Expense Type	Reportable?	Cost Share Account?	Notes
Voluntary Uncommitted	All	Not Reportable	No	
Voluntary Committed	Salary / Effort	Reportable	No (but cost share account can be set up if requested by Department)	Capture on PAR (Manually calculate Fringe and F&A for reporting purposes). billing concerns
Voluntary Committed	Non Salary	Not Reportable	No	
Voluntary Committed	Non Salary	Reportable	Yes	
Mandatory	Salary / Effort	Reportable	No (but cost share account can be set up if requested by Department)	Capture on PAR (Manually calculate Fringe and F&A for reporting purposes). billing concerns
Mandatory	Non Salary	Reportable	Yes	
3rd Party	All	Billable	Yes	
3rd Party	All	Not Billable	No	
Voluntary or Mandatory	Fringe Only	Reportable	No - Manually calculate for reporting purposes	

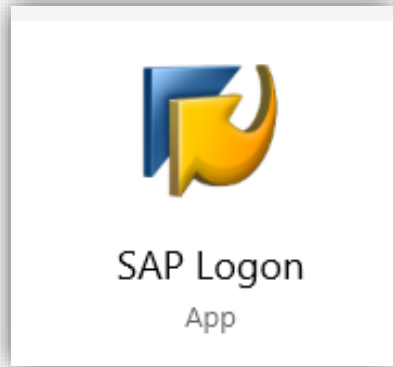
Cost share account created by SP, if required
 Cost share account created as “child” of prime award within fund “200xxx108x”



PART 4: Tracking & Management

Administrators are responsible for the accurate management of cost share commitments.

Documenting cost share



Cost share needs to be properly documented, i.e.

- captured in accounting system (SAP)
- and captured in payroll and/or PARs

Cost Share section on the PAR

- necessary for calculating MTDC

B. COST SHARING ACTIVITY - Time spent working on a sponsored agreement funded by BU
Sponsored Program Number

Third party cost share

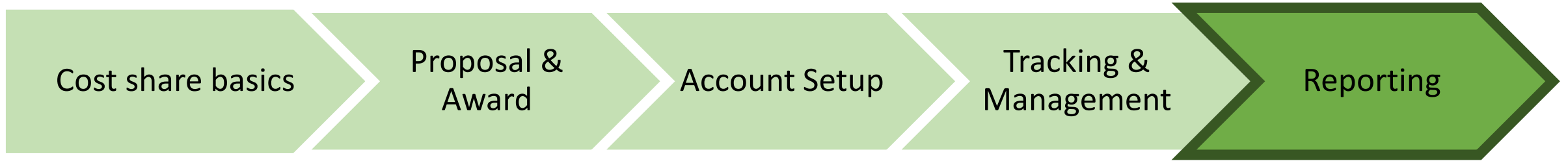
- invoice from subrecipient should indicate cost share has been met
- documentation from third party confirming commitment

Funding cost share

- PAFO or DA can transfer funds via the transfer in-transfer out GL and is done via a journal entry
- GL 479999/579999

EXAMPLES:

- the revenue piece can be funded as soon as the budget for the cost share account is set-up (direct costs only)
- the revenue piece can be funded when there are expenses, quarterly is the most frequent option
- the revenue piece can be funded when there are expenses at a minimum for all expenses by the end of the FY in which they post



PART 5: Reporting

Reporting to sponsors will be accurate and timely.

Key things to note

BW Reports

- doesn't include F&A since F&A isn't applied to our cost shared accounts

Cost share reporting to sponsor

- F&A manually calculated by PAFO RA and included on sponsor reports

Closeout

- Verify that all required cost sharing has been met, properly documented, and funded

GM AR REVENUE REPORT

On this report you will see budget, expenses, and revenue.

“Revenue” is the same as an invoice in the way it shows up in reports.

Revenue is an internal invoice, funds transfer.

Think of it as a billing BU for the cost share.

Key Takeaways

- Only commit to cost sharing at the level or amount that is required
- Obtain approval for cost share prior to submitting proposal
- Don't propose it, if you're not willing to cover the cost
- Cost shared expenditures on sponsored projects are subject to audit
- Cost share decreases BU's F&A
- Document, document, document!