

RA Webinar: Cost Share Lesson

Hosted by the Office of Sponsored Projects

October 12, 2023

Yale University

Understanding Cost Sharing

Jill Ely, Director, YSM Research Administration

Darlene Jones, Sr. Director, Faculty Research Administration

Kathleen King, Associate Director, Sponsored Projects Financial Administration

Amy Ellis, Director, Proposals and Award Management

Course Description & Learning Objectives

This course will go over some basics of cost sharing with an emphasis around how cost-sharing affects our F&A rate.

After attending this session you should understand:

- The types of cost sharing
- How cost sharing impacts the University's F&A rate
- Best practices for cost sharing
- SPFA role with sponsor reporting requirements
- How to fill out a cost sharing request form
- Accounting for cost sharing

What is Cost Sharing?

- A portion of total sponsored project costs not funded by the sponsor (unless otherwise authorized by Federal statute).

- 4 Types of Cost Sharing
 - Mandatory
 - Voluntary Committed
 - Voluntary Uncommitted
 - In-Kind / Matching

Types of Cost Sharing

Mandatory Cost Sharing

- Funding, either required by the terms and conditions of the award or by federal statute that requires Yale to contribute toward the sponsored project as a condition of receiving the award.

Voluntary Committed Cost Sharing

- A cost associated with a sponsored project, which was identified in the proposal, but was **not** required or funded by the sponsor. Examples include:
 - A percentage of effort of faculty included in a proposal budget or stated in the text of the proposal for which compensation was not requested.
 - Purchase of equipment for the project, identified in the proposal, for which funds have not been requested.

Types of Cost Sharing

Voluntary Uncommitted Cost Sharing

- A cost associated with a sponsored project that was not funded by the sponsor, and which was not committed in the proposal or in any other communication to the sponsor. Examples include:
 - Donated faculty effort on a sponsored project over and above the effort identified in the proposal or award.
 - Academic year effort on a sponsored project for which only summer salary was proposed, if the effort was not listed either on the budget page or in the body of the proposal.

Types of Cost Sharing

In-kind/Matching

- The requirement by some sponsors that grant funds be matched in some proportion with funds from another party, either from the University or another sponsor.
- Matching requirements may be in the form of actual cash expenditure of funds or may be an “in-kind” match, which is the value of non-cash contributions to the sponsored project.
- In-kind or matching contributions made by a party other than Yale require documentation from that third party supporting the use of the funds as in-kind/matching and may require a certification of fair market value.

Note on Over the Cap (OTC)

Salary over a sponsor mandated cap (commonly referred to as “Over the Cap” or “OTC”) is technically not cost sharing - it is an unallowable cost.

- But just like cost sharing, the excess over the cap must be accounted for and included in the F&A cost allocation base and therefore Yale treats this as a form of mandatory cost sharing.
- As this is an unallowable cost, it cannot be used to meet an in-kind/matching commitment.

Costs Acceptable for Cost Sharing

- Must be allowable, allocable, reasonable, and treated consistently.
- All contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria:
 - The costs are allowable in accordance with 2 CFR Part 200 (Uniform Guidance)
 - Are verifiable from the recipient's records
 - Are not included as contributions for any other federally-assisted sponsored project or program
 - Are necessary and reasonable for proper and efficient accomplishment of project objectives
 - Are not paid by the Federal Government under another award, except where authorized by federal statute to be used for cost sharing or matching
 - Are provided in the approved budget when required by the federal awarding agency

What's so bad about Cost Sharing?

- After all, the Department is paying for the voluntary committed effort, not the School/University, and we have the resources...
- And I'm sure that offering additional effort / equipment etc. will strengthen the proposal!
- **Answer:** Voluntary committed cost sharing may cause a multi-year loss of external revenue to Yale
 - According to 2 CFR Part 200 (Uniform Guidance), voluntary committed cost sharing on **Federal** research proposals is not expected and cannot be used as a factor during the merit review of applications or proposals. Voluntary committed cost sharing should not be included unless explicitly described in the notice of funding opportunity
 - From Policy 1306: Yale University provides only the minimum amount of cost sharing necessary to meet sponsors' requirements and discourages voluntary committed cost sharing.

The Math of Cost Sharing

- Numerator = facilities & administrative costs associated with sponsored research
- Denominator = sponsored projects + mandatory cost sharing (including salary over the cap)
 - Example:

➤ Direct costs	\$100,000
➤ Indirect costs	\$67,500
➤ Rate	67.5%
- Denominator = sponsored projects + mandatory cost sharing + voluntary committed cost sharing
 - Example with voluntary committed cost sharing:

➤ Direct costs	\$100,000
➤ Cost shared amount	\$5,000
➤ Indirect costs	\$67,500
➤ Rate	63.81% for 5 years!

Cost Share Impact on F&A Rate

F&A Costs allocated to research = F&A Rate

Organized Research Base

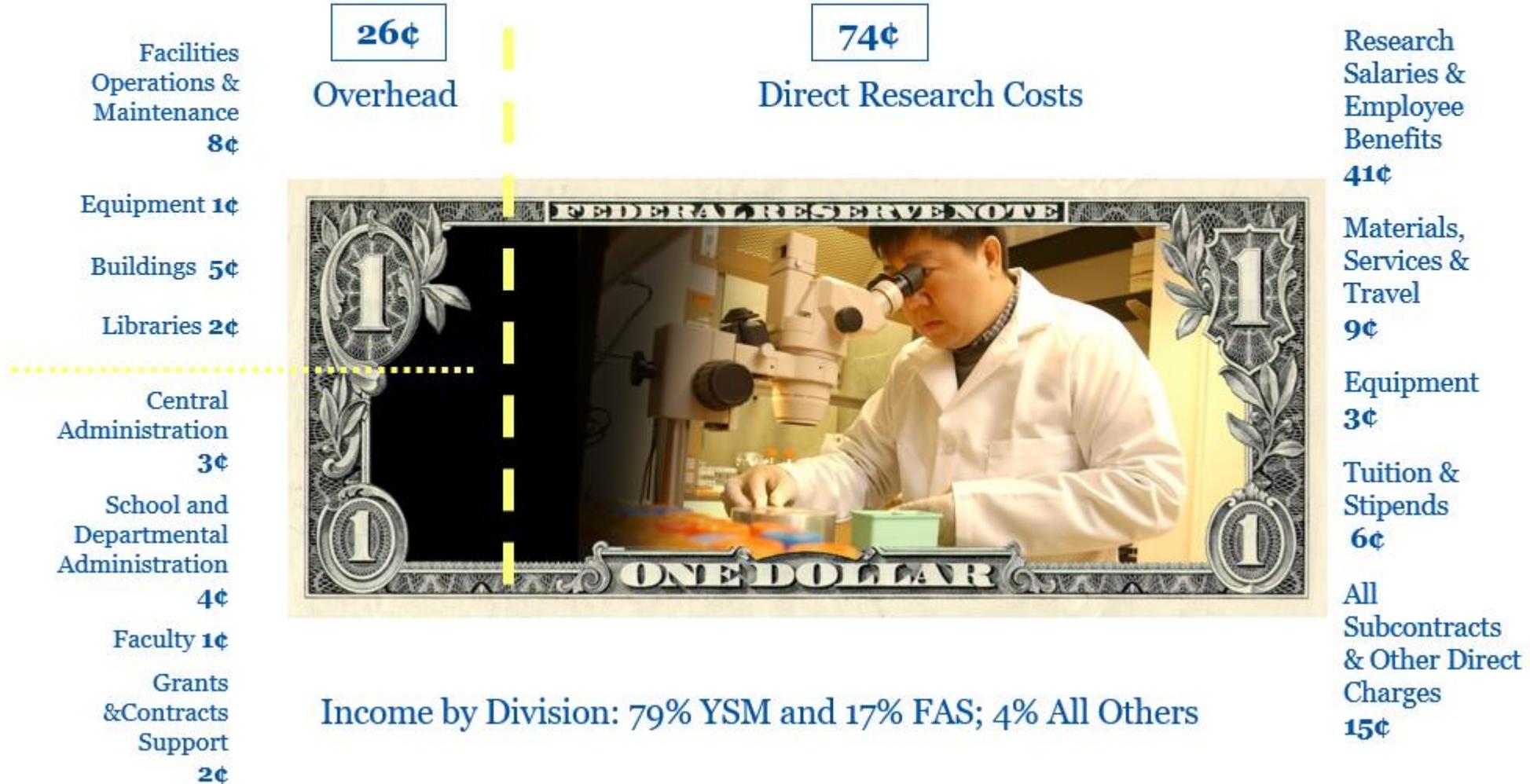
Sponsored project costs

Over the Cap Salary

Mandatory and Voluntary Committed Cost Sharing

All direct (MTDC) expenses
related to organized
research

Total Research Revenue on the Yale Campus FY2012 (\$691M = \$513m Direct + \$177m Indirect)



Cost Sharing Best Practices

➤ **Minimize!**

- From 1316.02---Yale University does not typically cost share effort on a voluntary basis, consistent with its objectives of receiving fair compensation from sponsors for research and scholarly activity conducted at the University. A voluntary commitment of uncompensated effort should be made only where the competitive circumstances or perceived institutional benefit of receiving the award are deemed to be sufficiently strong to warrant the commitment.
- Volunteer expertise “as needed” by the sponsored project but do not quantify effort / salary in a proposal
- When PI effort must be cost shared, general expectation is ~1% and not over 5%

Sponsor Reporting Requirements

What is SPFA role when there is mandatory cost share?

- SPFA will identify cost share and/or sponsor reporting requirements at time of Award Set Up
- At time of filing an interim or final financial report, SPFA will review those awards with cost sharing requirements to determine costs meet the tests of allowability
- Review documentation to support any in-kind cost sharing
- Ensure that the cost share commitment has been met. For a final report, SPFA will reach out to the departmental business office to ensure all cost share costs have been captured
- Report cost share expenses in the format required by the sponsor
- In those cases where the commitment falls short, SPFA will notify the OSP award or contract manager and the DBO
- Sponsor may request a return of funds in those cases where cost share obligation is not met

Example of Cost Sharing Summary Screen in PD Record

An advanced PD budget training class is being planned with an anticipated start date of early 2024, that will include entry of cost-sharing. Stay tuned!

Cost Sharing					
Personnel Costs					
		Period 1	Period 2	Period 3	Total
Detail	Kozma, Laura				
	Sponsor	13,544.50	41,721.12	72,206.03	127,471.65
	Institution	0.00	0.00	0.00	0.00
	Unallowable	0.00	0.00	0.00	0.00
Detail	Fields, Jacqueline				
	Sponsor	13,150.00	13,150.00	13,150.00	39,450.00
	Institution	0.00	0.00	0.00	0.00
	Unallowable	0.00	0.00	0.00	0.00
Detail	Hammatt, Jessica				
	Sponsor	15,360.00	15,360.00	15,360.00	46,080.00
	Institution	0.00	0.00	0.00	0.00
	Unallowable	0.00	0.00	0.00	0.00
Detail	Rezendes, Jerry				
	Sponsor	13,150.00	13,150.00	13,150.00	39,450.00
	Institution	0.00	0.00	0.00	0.00
	Unallowable	0.00	0.00	0.00	0.00
	Subtotal Personnel:	55,204.50	83,381.12	113,866.03	252,451.65
Budget Summary					
		Period 1	Period 2	Period 3	Total
Direct Costs:					
	Sponsor	55,204.50	83,381.12	113,866.03	252,451.65
	Institution	0.00	0.00	0.00	0.00
	Unallowable	0.00	0.00	0.00	0.00

Cost Sharing Form

HOME > POLICIES & PROCEDURES > UNIVERSITY POLICIES, PROCEDURES, FORMS, AND GUIDES > [1306 FR.01 COST SHARING APPROVAL REQUEST](#)

1306 FR.01 Cost Sharing Approval Request

Revision Date: October 25, 2021

 [1306 FR.01 COST SHARING APPROVAL REQUEST \(714.8KB\)](#)

 [1306 FR.01 COST SHARING APPROVAL REQUEST - INSTRUCTIONS \(148.92KB\)](#)



Form 1306 FR.01
Cost Sharing Approval Request

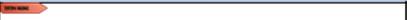
Revised 10/25/2021

Project Information	
PD / PI Name:	
Department:	
Title of Project:	
Project Sponsor:	
IREs # / Workday AWD # (if known):	

The following table should be used to identify cost sharing for the entire project:

Cost Sharing Category	Cost Sharing (CS) Information			Cost Sharing TOTAL
	Voluntary Committed Amount	Mandatory Amount	In-Kind/Matching Amount	
Salaries & Benefits				0.00
Supplies				0.00
Equipment				0.00
Other Direct Costs				0.00
Total Direct Costs	0.00	0.00	0.00	0.00
F&A				0.00
TOTAL (CS request all years)	0.00	0.00	0.00	0.00

Explanation/Justification
In the box below, provide an explanation/justification for all proposed cost sharing including but not limited to salary/benefits commensurate with effort. Attach additional documents as necessary, including, but not limited to, sponsor guidelines, proposed budget, relevant correspondence, etc. Please indicate the type of account(s) (i.e., Start-up, Gift, GA, etc.) supporting the proposed cost sharing.

Approvals			
PD / PI Signature:		Date:	
Lead Administrator Name:			
Lead Administrator Signature:		Date:	
Department Chair Signature:		Date:	

University Approval	
<input type="radio"/> Approved <input type="radio"/> Denied	
Comments:	
Dean/Provost Signature:	
Date:	

Project Information	
PD / PI Name:	
Department:	
Title of Project:	
Project Sponsor:	
IRES # / Workday AWD # (if known):	

The following table should be used to identify cost sharing for the entire project:

Cost Sharing (CS) Information				
Cost Sharing Category	<u>Voluntary Committed Amount</u>	<u>Mandatory Amount</u>	<u>In-Kind/Matching Amount</u>	Cost Sharing TOTAL
Salaries & Benefits				0.00
Supplies				0.00
Equipment				0.00
Other Direct Costs				0.00
Total Direct Costs	0.00	0.00	0.00	0.00
F&A				0.00
TOTAL (CS request all years)	0.00	0.00	0.00	0.00

Explanation/Justification
In the box below, provide an explanation/justification for all proposed cost sharing including but not limited to salary/benefits commensurate with effort. Attach additional documents as necessary, including, but not limited to, sponsor guidelines, proposed budget, relevant correspondence, etc. Please indicate the type of account(s) (i.e., Start-up, Gift, GA, etc.) supporting the proposed cost sharing.

Accounting for Cost Sharing

- Costing allocations for those paid via cost share should have the non-sponsored COA, along with the GR#.
- During the quarterly cost share clearing process, we credit the Cost Share account and debit the non-sponsored COA, removing the GR#

Grant	Gift or Yale Designated	Charging Cost Center	Program	Project	Assignee	Ledger Account
Devoret NSF CCI Phase I		Research Unit	(21)	General Project	Michel	tenured
<input type="checkbox"/> GR113658 Tassiulas CQN - Devoret	<input type="checkbox"/> YD000 [REDACTED] General Appropriations -FAS Faculty Salaries	<input type="checkbox"/> CC1558 EASAPP Research Unit	<input type="checkbox"/> PG00032 Research (21)	<input type="checkbox"/> PJ000001 General Project	<input type="checkbox"/> MD328 Devoret, Michel	<input type="checkbox"/> 71000: tenured
<input type="checkbox"/> GR114399 APP Devoret BSF/BIU	<input type="checkbox"/> YD000 [REDACTED] General Appropriations -FAS Faculty Salaries	<input type="checkbox"/> CC1558 EASAPP Research Unit	<input type="checkbox"/> PG00032 Research (21)	<input type="checkbox"/> PJ000001 General Project	<input type="checkbox"/> MD328 Devoret, Michel	<input type="checkbox"/> 71000: tenured

Company	Ledger Account	Debit Amount	Credit Amount	Memo	External Reference ID	Grant	Gift	Yale Designated	*Cost Center	*Program	*Project	Assignee	*Additional Worktags
Yale University	92023:Funding for Cost Share on Grants	3,602.19		Cost Share Clearing for [REDACTED]				YD000228 Dean Funded - General	CC1558 DIV: Div Gen	PG00032 Research (21)	PJ000001 General Project	JA [REDACTED]	Fund: FD18 Internally Designated - Unrestricted Spend Category: Funding for Cost Share on Grants (SC730)
Yale University	92023:Funding for Cost Share on Grants		3,602.19	Cost Share Clearing for [REDACTED]		GR [REDACTED]		YD000228 Dean Funded - General	CC1558 DIV: Div Gen	PG00032 Research (21)	PJ000001 General Project	JA [REDACTED]	Fund: FD18 Internally Designated - Unrestricted Object Class: Sponsored Programs: Unmapped Spend Category: Funding for Cost Share on Grants (SC730)

Workday Report

- Sponsored Funding vs Expenses - Yale
- This report is helpful in tracking the cost share.
- Indirect costs must be included manually.

Sponsored Funding vs Expenses - Yale

04:06 PM
02/11/2020
Page 1 of 1

Period: FY20 - FEB

Award Organization: Cost Center:

Award:

Award Info	Award Activity (No Cost Sharing)	Total Cost Sharing Activity	Award Activity (No Cost Sharing)	Total Cost Sharing Activity
Authorized Amount:	135,800.00			
Line Amount:	135,800.00		135,800.00	
Balance:	(53,427.89)		(53,427.89)	
Total Costs	189,227.89	14,235.55	189,227.89	14,235.55
SP03 Faculty Salaries	26,687.33	10,825.50	26,687.33	10,825.50
SP06 Post Doc Associate Salaries	60,554.04	0.00	60,554.04	0.00
SP24 Fringe Benefit Assessment	25,730.53	3,410.05	25,730.53	3,410.05
SP95 Indirect Costs	76,255.99	0.00	76,255.99	0.00
		9,608.99		
		23,844.54		

Tips

- Cost-share is typically unallowable in the summer for 9/9 faculty.
- When scheduling cost-share in Workday, enter the GR# then YD# to ensure the cost-share worktags populate correctly. If the GR# is entered after the YD#, The GR# and sponsored award fund will override the YD fund.

Cost Sharing – References & Additional Information

- [1306 Cost Sharing on Sponsored Projects](#)
- [1306 PR.01 Cost Sharing](#)
- [1306 FR.01 Cost Sharing Approval Request](#)
- [Important Update - February 2014: Voluntary Committed Cost Sharing in Proposals](#)
- [1316 Effort Commitment: Managing Effort Associated with Sponsored Projects](#)
- [1315 Effort Reporting: Certifying Effort on Sponsored Projects](#)
- [2 CFR Part 200 \(Uniform Guidance\)](#)
- [How Do I Create and Edit Budget](#) (PD Quick Guide - Pages 22-27 show how to enter cost share in a PD record)
- [Cost Sharing on Sponsored Projects \(TMS eLearning course\)](#)
- [NCURA- Cost Share Basics \(Video\)](#)
- [Workday Report - Sponsored Funding vs Expenses - Yale](#)

Thank you! / Questions?

We'd love to hear from you.

Please remember to take the SURVEY.