



COST SHARING

Departmental Responsibilities for Documenting Mandatory or Voluntary Committed Cost Sharing

Prepared for the AURA Meeting held on 03/24/04.

MANDATORY COST SHARING

- Definition
 - Cost Sharing that is required by the funding agency.
- Examples
 - NSF requires a minimum of 1% matching on all unsolicited proposals. The cost sharing is considered an eligibility requirement, rather than a review criterion.
 - The John A. Hartford Foundation requires a \$25,000 per year match to the \$75,000 per year it awards for geriatric nursing education.
 - There is a line item in the funding agency's budget form for the amount of the match, and this line must be filled in.

VOLUNTARY COMMITTED COST SHARING

- Definition
 - Cost sharing that is not required, but is specifically pledged in either the application budget (the line item budget or the budget narrative), or in the award documentation. This is typically a review criterion.
- Examples
 - The Houston-Galveston Area Council provides the following guidelines regarding proposals submitted to them: “Please be aware that we will be looking for the inclusion of cash or in-kind match. Match will add value and will increase the likelihood of funding the proposal.”

VOLUNTARY COMMITTED COST SHARING (cont.)

- Examples (cont.)
 - The line item budget developed by the PI/department included a matching amount.
 - **Cost sharing:**
 - **PI @25% effort for 12 months @ annual salary of \$75,000 = \$18,750**
 - The budget justification included a matching amount.
 - **“The Principal Investigator will spend 25% of her time on this project. Her salary will be paid with institutional funds. Thus we are providing \$18,750 in matching funds for the project.”**
 - Once there is an amount of matching funds listed in *either* the line-item budget or the budget justification, then the cost sharing must be classified as “Committed” cost sharing.

VOLUNTARY UNCOMMITTED COST SHARING

- Definition
 - Cost sharing (typically comprised of faculty effort) that is over and above that which is committed and budgeted in a sponsored agreement.
- Examples
 - This may be documented on the R&A form.
 - **The PI's effort on the project is listed on page 1 at 5%.**
 - **Item #2 of the Financial Review Section on page 2 is checked as "No" (indicating that the percent effort does not equal the percent of salary requested).**
 - **Page 4 has the following notation: "The PI's salary is fully funded from other sources. No salary support is requested from the agency to cover the effort to be provided on the project."**

VOLUNTARY UNCOMMITTED COST SHARING (cont.)

- Examples (cont.)
 - The non-covered portion of the PI's salary that exceeds the federal salary cap is considered Voluntary Uncommitted Cost Sharing.
 - The amount of F&A/Indirect Costs that are not recovered because certain funding agencies do not allow such charges (or only allow a rate that is less than our established rate) is considered Voluntary Uncommitted Cost Sharing.

DOCUMENTATION REQUIREMENTS

- **Mandatory Cost Sharing** must have sufficient supporting documentation to satisfy an external auditor.
- **Voluntary Committed Cost Sharing** must have sufficient supporting documentation to satisfy an external auditor.
- **Voluntary Uncommitted Cost Sharing** does not require supporting documentation.

PROJECT TYPE, FUNCTION, AND PROGRAM

- Project Type
 - R&A Form
 - **There is a selection of check boxes in the top left hand corner of page 1.**
 - **Note: All “Clinical Studies” are considered to be a sub-group of “Research”.**
- Function
 - This was the terminology in TUFIMS, and was listed as a numerical code in the ORGN table (Example: 0051).
- Program
 - This is the FMS terminology, and is listed on the Project Chartfield tab in the UTH Grants Panels, as well as in the Speed Type Table, as a numerical code with a description (Example: 15, Research – Other).

PROJECT TYPE, FUNCTION, OR PROGRAM (cont.)

What difference does it make?

Federal regulations treat “Research” activities differently than they do “Instruction”, “Service”, or other types of activities.

FEDERAL REGULATIONS

- **OMB Circular A-110, Subpart C, Section 23** *(for all activities)*
- **.23 Cost sharing or matching.**
- (a) 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.
 - (1) **Are verifiable from the recipient's records.**
 - (2) **Are not included as contributions for any other federally-assisted project or program.**
 - (3) **Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.**
 - (4) **Are allowable under the applicable cost principles.**
 - (5) **Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.**
 - (6) **Are provided for in the approved budget when required by the Federal awarding agency.**
 - (7) **Conform to other provisions of this Circular, as applicable.**

FEDERAL REGULATIONS (cont.)

From OMB Clarification dated 01-05-01 (M-01-06)

- Most faculty organized research effort is either charged directly to the sponsor, or is considered **mandatory or voluntary committed cost sharing (i.e., cost sharing specifically pledged in the proposal's budget or award)** on the part of the recipient.
- Both mandatory and voluntary committed cost sharing are consistent with the terms and conditions of a sponsored agreement and captured in the accounting system.
- Mandatory and voluntary committed cost sharing must be properly documented for cost accounting purposes.
- In addition, current Circular A-21 provisions require that, for **research projects** that are funded by both the Federal Government and a private third party (e.g., a corporation), the faculty should properly document through reporting its compensated effort, including mandatory and voluntary committed effort in order to allocate salaries and associated F&A costs.

INSTITUTIONAL COST SHARING POLICY

- HOOP 11.17
 - “The university actively discourages voluntary cost sharing on the part of principal investigators...”
 - Approval process for Voluntary Committed Cost Sharing:
 - **If departmental funds are going to be used to cover the costs, the department Chair must approve the request.**
 - **If school funds are going to be used to cover the costs, the Dean must approve the request.**
 - **ALL Voluntary Committed Cost Sharing must approved by the EVP for Research.**

MORE TERMINOLOGY

- “Reportable” Cost Sharing
 - This is an institutional term that is used to designate the Mandatory or Voluntary Committed Cost Sharing on research awards only.
- “Non-reportable” Cost Sharing
 - This is an institutional term that is used to designate the Mandatory or Voluntary Committed Cost Sharing on any type of award other than a research award.

Note: These terms appear on the Grants Information page of the UTH Grants panels in FMS. The cost sharing check box on the Grants Information page will have a check mark in it for every project that has Mandatory or Voluntary Committed Cost Sharing.

UTH GRANTS PANELS

UT Grant Project Detail - Microsoft Internet Explorer

Address: http://storm.hsc.uth.tmc.edu:8080/psp/fprd/EMPLOYEE/ERP/c/UT_FS_CUSTOM_MENU.UT_PROJ_GRANT.GBL?Folder=MYFAVORITES

PeopleSoft

Menu

- My Favorites
 - All Payments
 - Budget Definitions
 - Budget Details
 - Budgets Overview
 - ChartField Values
 - Fund-Area-Org Crosswalk
 - Ledger
 - SpeedChart
 - SpeedTypes
 - UT Grant Project Detail**
 - Edit Favorites
- UTH Grants
- Manager Self-Service
- Customers
- Vendors
- Purchasing
- UTH Travel
- eProcurement
- Billing
- Accounts Receivable
- Accounts Payable
- Asset Management
- Commitment Control
- General Ledger
- UTH Internal Services
- Allocations
- Statutory Reports
- Set Up Financials/Supply Chain
- Define Integration Rules
- FDM

UT Grant Information

SetID: UTH

Project: [Redacted] [Attributes](#)

*Principal Investigator: [Redacted]

Fellow: [Input Field]

Project Site: On Campus

FA Rate: 0.000 FA Rate Change

*Cash Flow Code: CGRC C & G Receivable

Report Due Date: 01/30/2005

Final Billing Due Date: [Input Field]

Profit Indicator: [Input Field]

Cost Share Type: Non-reportable Cost Sharing

Misc Reference Number: [Input Field]

Eligible for Interest: Not Applicable

HUB Reporting Required

Pre Award Spending Allowed

Budget Modification Allowed

Note: The converted data needs clean-up for the cost share type.

EFFORT REPORTING SCENARIO

Example:

- Both the line item budget and the budget narrative that were submitted with the grant application for Project ABC indicated that the PI was going to commit 25% effort to the project. However, the grant was only supposed to pay 10% of the PI's salary, with the remaining 15% related to the project being supported with state funds.
- Both the line item budget and the budget narrative that were submitted with the grant application for Project XYZ indicated that the PI was going to commit 10% effort to the project. However, the grant was not supposed to pay any of the PI's salary.

EFFORT REPORTING SCENARIO (cont.)

- The PI's funding distribution on the PA is 10% on Project ABC (with 25% effort), 20% on a gift account (with 20% effort), and 70% on state funds (with 55% effort). Project XYZ is not included in the PA because that project is not paying for any of the PI's salary. Therefore, the effort report that is generated by the system will reflect as follows:

<u>Account</u>	<u>FTE/PAY</u>	<u>FTE Effort</u>
Project ABC	10%	25%
Gift account	20%	20%
State Funds	70%	55%
Totals	100%	100%

- (Project XYZ will not be reflected on the effort report that is generated by the system, because it has 0% salary distribution.)

EFFORT REPORTING SCENARIO (cont.)

- The effort report **must** have notation added to identify the Voluntary Committed Cost Sharing. Suggested notation is listed below:
 - The 25% effort on Project ABC was supported by 10% salary distribution from the project, and 15% Voluntary Committed Cost Sharing supported by state funding.
 - The 55% effort supported by state funds includes 10% Voluntary Committed Cost Sharing for Project XYZ.
- It is not sufficient for the effort report **just** to reflect that there was 15% more effort given to Project ABC than was monetarily supported by that project.

SAMPLE EFFORT REPORT (SYSTEM GENERATED)

http://dozer.uth.tmc.edu:7001/servlets/psreports/hprd/32214/upay26f_143850.PDF - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Home Search Favorites Media

Address http://dozer.uth.tmc.edu:7001/servlets/psreports/hprd/32214/upay26f_143850.PDF Go

Links HOOP Lite Pages Outlook Project PeopleSoft RFS RightFax TMS UT White Pages UTHSC Web Mail

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Bookmarks Thumbnails Comments Signatures

REPORT-ID: UPAY26F THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON PAGE: 13
EFFORT REPORT BY EMPLOYEE RUN DATE: 03/18/04
SIX MONTHS ENDING February 29, 2004

School: Nursing
DEPT: 79080000 Nursing For Target Populations Incumbent Supervisor: [REDACTED]
EMPLOYEE: [REDACTED] PAYGROUP: Fac Admin

ACTIVITY	POSITION	HRMS ACCT CODE	HAEN	FTE/PAY %	EFFORT %
Instruction - Other	Instr in Nursing NTC	267008 General Instruction	REG	17.74	17.74
Instruction - Other	Instr in Nursing NTC	867008 Inc Enrollment Undergrad	REG	67.74	67.74
Public Service	Instr in Nursing NTC	767008 Nurse Practitioner--Svcs	REG	9.68	9.68
Instruction - Other	Instr in Nursing NTC	767008 H-GAC Worksource Proposal	REG	4.84	4.84
				100.00	100.00

END OF PERIOD (EOP) DATA:
Provided for information only

HRMS ACCT CODE	HAEN	EOP FTE/PAY %	EOP EFFORT %
-----	-----	-----	-----
		0.00	0.00

Explanation of fields used on this report are located on the next page.

This report is used to comply with Office of Management and Budget Circular A-21. FTE/PAY % is calculated using the salary that was actually reported and charged to each particular account code. EFFORT % represents the amount of effort that was worked on the project. These two amounts can be different, but the EFFORT % must be greater than or equal to FTE/PAY % for all sponsored projects. The FTE/PAY % and the EFFORT % must always total 100%. Review the distribution of FTE/PAY % and EFFORT % for accuracy and note any discrepancies on this report and report them to your departmental administrator for correction. Review the EOP FTE/PAY % and EOP EFFORT % for accuracy and report any changes that need to be made to your departmental administrator.

The employee or supervisor must sign the report below and within 60 days after February 29, 2004 return to:

13 of 24 11 x 8.5 in

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SAMPLE EFFORT REPORT (MANUALLY GENERATED)

THE UNIVERSITY of TEXAS HEALTH SCIENCE CENTER AT HOUSTON
**THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
 EFFORT REPORT BY EMPLOYEE**
 MONTH

SCHOOL: [CLICK HERE FOR PRINT INSTRUCTIONS](#)

DEPT #	<input type="text"/>	DEPT NAME	<input type="text"/>	INCUMBENT SUPERVISOR	<input type="text"/>
EMPLOYEE	<input type="text"/>	EMPLOYEE ID	<input type="text"/>	PAY GROUP	<input type="text"/>

ACTIVITY	POSITION	PEOPLESOFT ACCT CODE	TUFMS ACCT. NO.	EARN	FTE/PAY%	EFFORT%
			Project ABC	<input type="text"/>	10	25
			Gift Account	<input type="text"/>	20	20
			State Funds	<input type="text"/>	70	55
				<input type="text"/>		

Click on the underline column title above to receive the explanation of fields used on this report.

This report is used to comply with Office of Management and Budget circular A-21. FTE/PAY % is calculated using the salary that was actually reported and charged to each particular account code. Effort % represents the amount of effort that was worked on the project. These two amounts can be different, but the EFFORT % must be greater than or equal to FTE/PAY % and the EFFORT % must always equal 100%. Review the distribution of FTE/PAY % and EFFORT % for accuracy. Note any discrepancies and report them to your departmental administrator for corrections. Review the EOP FTE/PAY% and EOP EFFORT% for accuracy and report any changes that need to be made to your departmental administrator.

The employee or supervisor must CERTIFY the report below within 30 days after month end date.
 RETURN TO: FAS TEAM, 7000 FANNIN, UCT 900, HOUSTON, TEXAS 77030 (713) 500-4949

I CONFIRM THAT I HAVE FIRST-HAND KNOWLEDGE OF ALL THE WORK PERFORMED BY THE ABOVE EMPLOYEE AND THAT	I CONFIRM THE ABOVE DISTRIBUTION OF ACTIVITIES REPRESENTS A REASONABLE ESTIMATE
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The 55% effort allocated to state funds includes 10 percent Voluntary Committed Cost Sharing that was contributed for Project XYZ.

Project ABC has 15% Voluntary Committed Cost Sharing

SAMPLE EFFORT REPORT (MANUALLY GENERATED)

THE UNIVERSITY Effort Report - Microsoft Internet Explorer

Address: http://financialresources.hsc.uth.tmc.edu/fast/forms/effort.html

EMPLOYEE: [] EMPLOYEE ID: [] PAY GROUP: []

TUFMS ACCT. NO.	EARN	FTE/PAY%	EFFORT%
Project ABC	[]	10	25
Gift Account	[]	20	20
State Funds	[]	70	45
Project XYZ	[]	0	10

Project ABC has 15% Voluntary Committed Cost Sharing

Project XYZ has 10% Voluntary Committed Cost Sharing

Click on the underline column titles above to receive the explanation of fields used on this report.

This report is used to comply with Office of Management and Budget circular A-21. FTE/PAY % is calculated using the salary that was actually reported and charged to each particular account code. Effort % represents the amount of effort that was worked on the project. These two amounts can be different, but the EFFORT % must be greater than or equal to FTE/PAY % and the EFFORT % must always equal 100%. Review the distribution of FTE/PAY % and EFFORT % for accuracy. Note any discrepancies and report them to your departmental administrator for corrections. Review the EOP FTE/PAY% and EOP EFFORT% for accuracy and report any changes that need to be made to your departmental administrator.

The employee or supervisor must CERTIFY the report below within 30 days after month end date.
RETURN TO: FAS TEAM, 7000 FANNIN, UCT 900, HOUSTON, TEXAS 77030 (713) 500-4949

I CONFIRM THAT I HAVE FIRST-HAND KNOWLEDGE OF ALL THE WORK PERFORMED BY THE ABOVE EMPLOYEE AND THAT THE ABOVE DISTRIBUTION OF ACTIVITIES REPRESENTS A REASONABLE ESTIMATE OF WORK PERFORMED FOR THE STATED PERIOD.	OR	I CONFIRM THE ABOVE DISTRIBUTION OF ACTIVITIES REPRESENTS A REASONABLE ESTIMATE OF ALL WORK PERFORMED BY ME DURING THE STATED PERIOD.	
Supervisory Official Signature	Date	Employee Signature	Date

By: Cheryl Kae Parker

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DEPARTMENTAL RESPONSIBILITIES

- Departmental staff are responsible for obtaining necessary signatures/approval for Mandatory or Voluntary Committed Cost Sharing.
- Departmental staff are responsible for tracking Mandatory or Voluntary Committed Cost Sharing to ensure that applications do not contain overlapping cost sharing requests.
- Departmental staff are responsible for documenting Mandatory or Voluntary Committed Cost Sharing appropriately on effort reports prior to certification.
- Departmental staff are responsible for maintaining records of Mandatory or Committed Cost Sharing other than Faculty effort. The records must be sufficient to satisfy an external auditor.

RESPONSIBILITIES OF OTHERS

- Office of Sponsored Projects (OSP)
 - Responsible for reviewing the R&A form to verify that the project type listed on the R&A form matches the information in the application documents.
 - Responsible for determining whether there is overlapping cost sharing based on the information in the proposal.
 - Responsible for ensuring that all necessary approvals are obtained for cost sharing.
 - Responsible for notifying PAF that an award has either Mandatory or Voluntary Committed Cost Sharing.

RESPONSIBILITIES OF OTHERS

(cont.)

- **Payment and Account Facilitation (PAF)**
 - Responsible for setting the account/project up in FMS with a program code that matches the project type on the R&A.
 - Responsible for designating the account as a cost sharing account in the UTH Grants panels in FMS.
 - **Checking the Cost Sharing check box**
 - **Designating the Cost Sharing as “Reportable” or “Non-reportable”.**
 - Responsible for submitting the cost sharing information in the financial report to the funding agency for those projects that require it.

RESPONSIBILITIES OF OTHERS

(cont.)

- Budget and Financial Reporting (BFR)
 - Responsible for working with the departments to gather information on those projects that have “Reportable” cost sharing. (Note: “Reportable” refers to those research projects that have costs that must be excluded when negotiating the institution’s established IDC rate.)
 - Responsible for excluding the “Reportable” cost sharing amounts appropriately during the IDC rate negotiations for the institution.
- Financial Administrative Support (FAS)
 - Responsible for maintaining the certified effort report files.

RESOURCES

- NSF FAQ
 - <http://www.nsf.gov/bfa/dga>
- OMB Circulars
 - <https://www.whitehouse.gov/omb/information-for-agencies/circulars/>

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