Cost Sharing

Office of Research Administration

10/31/08

Cost Share

- Portion of research cost that is not borne by the sponsor
  - Primarily required by federal sponsors
  - Pledge can be a % of total project costs or a fixed amount
  - Obligation must come from non federal funds
  - Obligation must not come from federal flow through

Cost Share Awards, Why??

- Federal regulations require recording and tracking in the financial system
  - Verifiable cost shared expenditures
  - Faculty effort variations
  - NIH salary cap
- Note: separate PTA is not required when a non-fed *sponsor* is cost sharing

Cost Sharing Contribution Sources

- Other sponsored awards (non federal)
- Endowment funds
- Gift funds
- General budgets
- Third parties (not via an award to Caltech)
  - Subawardees
  - Collaborators

Cost Shared Expenditures

- Only allowable costs can be cost shared
  - Faculty salaries/benefits
  - Non faculty salaries/benefits
  - GRA assistantships and tuition
  - Equipment and M&S
  - Other direct costs

Cost Sharing Procedure

- Identifying cost sharing commitments
- Types of cost sharing
- Establishing award PTAs
- Funding cost sharing PTA/s
- Monitoring cost sharing
- Reporting cost sharing

Cost Share Commitments-DAF

DIV
Option, Dept., or Subunit

CALIFORNIA INSTITUTE OF TECHNOLOGY
DIVISION APPROVAL FORM FOR SPONSORED PROJECTS

(1) Principal Investigator's Name
JOHN DOE

(2) Co-Principal Investigator's Name (Caltech employee only)

Project Title

Division Contact (Person to whom questions about the proposal should be addressed.)

Extension   **Email**

A. COMMITMENT OF FACULTY EFFORT and COST SHARING

Caltech's policy is that federal research proposals (except those solely for equipment, fellowships, or other student support) include a commitment of at least 1% effort on the part of all faculty working on the project. The policy also requires that all such effort be charged to the project.

1. Does the proposal budget include funds for the sponsor to pay all faculty effort committed to the project? ☐ Yes ☐ No
   If **no**, the Division Chair must initial here: _____; please provide an explanation and attach to this form.

2. Does the proposal include any other cost-sharing commitment?
   ☐ Yes ☐ No   If **yes**, is the cost-sharing commitment required by the sponsor? ☐ Yes ☐ No   If **yes**, explain or provide a copy of the sponsor's requirement.

E. PROPOSAL DEADLINE

1. Proposal Deadline (dd-mon-yy):

2. Type of Deadline: ☐ Postmark ☐ Receipt ☐ Electronic

3. Type of Proposal: ☐ New ☐ Revision ☐ Supplement
   ☐ Continuation ☐ Renewal
   For Continuations and Renewals **only**:
   Current PTA #:

4. BAA, RFP, Program Announcement. Provide weblink or attach copy.
   http://

Cost Share Commitments-Proposal

- Identify in the budget section
- Explain in the budget justification
    - Include subaward cost sharing
- Voluntary cost sharing is not recommended

Types of Cost Sharing

- Mandatory (requires tracking via CS PTA)
  - Award eligibility criteria
  - Sponsor imposed cap on salary
- Voluntary
  - Committed (requires tracking via CS PTA)
    - PI offered in proposal
  - Uncommitted (does not require tracking)
    - PI cost shared during life of award

- References:
    OMB Circular A-110, Subpart C.23, Post Award Administration, Cost sharing
    http://www.whitehouse.gov/omb/circulars/a110/a110.html#23
    OMB, M-01-06, Memorandum for The Heads of Executive Departments And Establishments, Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs
    http://www.whitehouse.gov/omb/memoranda/m01-06.html

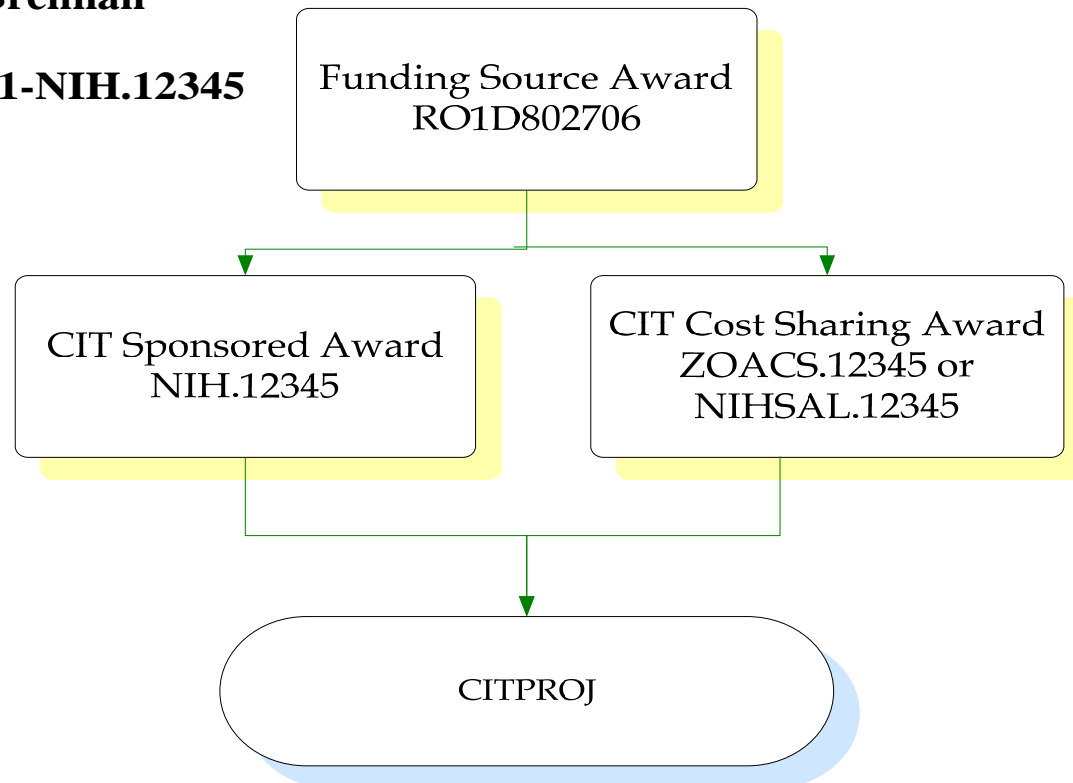# Establishing Award PTAs with Cost Sharing

- At acceptance of the award*
  - OSR
    - Provides PTA create information (current process)
    - Requests cost share funding source/s (new process)
  - Division
    - Creates request for main PTA (current process)
    - Creates request for CS Award to be linked to main PTA (new process)
      - NOTE: Always select "CIT Cost Share" for Funding Source
    - Provides cost share funding source/s to OSR (new process)
- *Same process for "At Risk" PTAs

Establishing Cost Share Awards

- Naming convention for cost sharing Awards
  - Mandatory and voluntary ZOACS.XXXXX
    - Z=so that this PTA always appears as the last PTA
    - OACS=Other Activities Cost Sharing, suggested by Accounting Services
    - XXXXX=Same as Caltech award number
  - Salary cap <Sponsor Prefix>SAL.XXXXX
    - Example: NIHSAL.12345

- Cost Share Funding Source should always be "**CIT Cost Share**"

Cost Share Award Example

PI: Dr John Brennan
CIT PTA:
JB.EXPECT-1-NIH.12345

Funding Source Award
RO1D802706

CIT Sponsored Award
NIH.12345

CIT Cost Sharing Award
ZOACS.12345 or
NIHSAL.12345

CITPROJ

After Activation of Award PTAs

- Award summary distributed with committed faculty effort & cost sharing information
- Division to set up LDs, POs directly on CS PTA
  - For salary cap cost sharing
    - Distribute labor % for the difference in the salary cap CS PTA
    - Use same expenditure type for CS salary cap award same as main PTA

NIH Salary Example

- Professor Brennan's base salary is $251,800, which exceeds the NIH cap of $186,600. He spends 20% of his time on NIH.12345, 30% on NIH.67890, and 50% on GB PTA3.
  - % of salary allowed on NIH Award 1=(186,600/ 251,800)*20%=14.8%
  - % of salary allowed on NIH Award 2 =(186,600/ 251,800)*30%=22.2%
  - Over-the-cap portion of the salary must be charged to two cost sharing PTAs, whose source is non-federal.

Labor Distribution for Salary Cap

CIT Award	Expenditure Type	Committed Effort %	Salary Distribution	LD schedule and PDC report %
NIH.12345	Professorial Faculty	20%	$37,317	14.8%
NIHSAL.12345	*Professorial Faculty*		*$13,043*	*5.2%*
NIH.67890	Professorial Faculty	30%	$55,975	22.2%
NIHSAL.67890	*Professorial Faculty*		*$19,565*	*7.8%*
GB PTA3	Professorial Faculty	50%	$125,900	50%

Funding Cost Sharing PTA/s

- Project Accounting notifies Accounting Services
- Project Accounting debits *funding* PTA/s
  - Expenditure type-Cost Share Trfs Out GB
  - Expenditure type-Cost Share Trfs Out Non GB
- Project Accounting credits cost share PTA/s
  - Expenditure type-Cost Share Trfs In GB
  - Expenditure type-Cost Share Trfs In Non GB
- Cost share PTA/s will always have *zero* budget

Monitoring Cost Sharing

- Division starts spending from CS Awards by
  - setting up labor distribution
  - setting up POs for equipment and M&S
  - charging P-card expenses
  - reimbursing travel expenses directly
- CS Award may appear overdrawn
  - Project Accounting will fund cost share Award periodically.

Cost Share PTA Summary

PROJECT: JB.EXPECT

Project from: 30-Jul-2003 to: 31-May-2009 PERIOD: SEP-FY2008

AWARD: ZOACS.12345

Award Name: Expect Miracles NIH AGENCY AWARD#: RO1D802706

Award from: 30-Jul-2003 to: 31-May-2009

Expenditure Category	Total ITD Budget	Period Budget Activity	Period Costs	ITD Costs	Commitments	ITD Budget Balance
Cost Sharing Trfs-In GB	**0.00**	**0.00**	**(50,000.00)**	**(200,000.00)**	**0.00**	**200,000.00**
Staff Salaries	0.00	0.00	0.00	456.00	0.00	(456.00)
All Other Salaries	0.00	0.00	0.00	129,026.97	0.00	(129,026.97)
Paid Leave Allocation	0.00	0.00	0.00	68.40	0.00	(68.40)
Staff Benefits Allocation	0.00	0.00	0.00	136.34	0.00	(136.34)
Materials and Supplies	0.00	0.00	0.00	16,135.99	0.00	(16,135.99)
Travel	0.00	0.00	0.00	7,145.38	0.00	(7,145.38)
Tuition Remission Allocation	0.00	0.00	0.00	74,185.46	0.00	(74,185.46)
Indirect Cost	0.00	0.00	0.00	0.00	0.00	0.00
Total	**0.00**	**0.00**	**(50,000.00)**	**27,154.54**	**0.00**	**(27,154.54)**

Reporting Cost Sharing

- Project Accounting
  - confirms cost sharing commitment is met
  - verifies faculty effort from PDC reports
  - requests cost sharing Awards for after the fact cost sharing situations
    - faculty salary < committed/reported level of effort
  - reports cost sharing expenditures to sponsor

Closing Out Award

- Project Accounting
  - sends out termination notices for all PTAs
  - reviews expenditures
  - submits final financial reports including cost sharing to sponsors
  - closes cost share awards along with the main award PTA