Introduction to Cost Share

- Introduction to Cost Share
- Proposing and Budgeting Cost Share
- Cost Share Setup
- Charging Cost Share
- Reviewing Cost Share
- Resources
WHAT IS COST SHARE?

Cost Share is a portion of project costs related to a sponsored agreement that is not contributed by the sponsor.

COST SHARE = REAL COSTS

Cost share represents real costs to Mason:
- Cost sharing represents a redirection of University resources from instruction or other activities to support a sponsored project.
- The PI, Department chair, Dean or Director, and other administrators should carefully weigh the cost-effectiveness and the expected benefits of cost sharing prior to making the commitment in a proposal.
- Effort committed may not exceed that allowed by the faculty or staff member’s appointment.
- Funds expended by Mason in cost sharing result in a lower F&A (indirect) rate.

COST SHARE REQUIREMENTS

Cost share must:
- be necessary and reasonable for accomplishment of project objectives.
- not be included as contributions toward any other project.
- be incurred during the project period of performance.
- be tracked and verified.
- be allowable and conform to the Uniform Guidance provisions.

Federal Guidelines for Cost Sharing

COST SHARE TYPES AND SOURCES

1. In-kind
   - Source: Mason department/center/PI org (E&G, pooled, or indirect orgs)

2. Third Party
   - Source: Other organizations
   - Must be tracked, verified, and approved by the third party
   - Third party reports cost sharing to Mason, who then reports it to sponsor.
3. UNRECOVERED INDIRECT (F&A)
   • Source: Shortfall in reimbursed indirect costs
   • Only used if:
     – the sponsor requires cost share,
     – the sponsor allows unrecovered indirect as a cost share contribution, AND
     – the award’s indirect cost rate is lower than Mason’s standard indirect rate

Mandatory cost share

SALARY CAP
   • Some sponsors limit the salary rate that can be directly charged to grants, contracts, and cooperative agreements
   • The cap establishes a maximum annual rate of pay at which an individual’s effort can be charged to a sponsored project
   • The amount of salary that can be charged to an award is calculated based on proposed effort (FTE)
   • The institution must cover the difference between the salary cap and the associated FTE that will be worked on the project

Why do we cost share?

VOLUNTARY
   • If PI or Department funding is necessary to ensure successful project completion
   • Only included in the budget with PI and Dept input
   • Can be added later in the project period if needed

MANDATORY
   • If the sponsor requires cost sharing as a condition of award
   • Gets included in the budget at the proposal stage

NIH salary cap

SPONSORS THAT FOLLOW THE NIH SALARY CAP
   • Administration for Children and Families (ACF)
   • Agency for Healthcare Research and Quality (AHRQ)
   • Centers for Disease Control and Prevention (CDC)
   • Centers for Medicare and Medicaid Services (CMS)
   • Food and Drug Administration (FDA)
   • Health Resources and Services Administration (HRSA)
   • National Institutes of Health (NIH)
   • SAMHSA
   • Susan G. Komen Foundation - contact OSP for rate (Con’t)
NIH Salary Cap (Con’t)

Effective with FY2020 Awards

Executive level II salary cap:
- $197,300 – 12 month faculty
- $147,975 – 9 month faculty
- $49,325 – Summer faculty (cash)

The cost share requirement does not apply to any personnel under these salary cap amounts.

DOJ Salary Cap

Sponsors that follow the DOJ Salary Cap
- Assistant Attorney General
- Administration
- Audit, Assessment, and Management
- Bureau of Justice Assistance
- Bureau of Justice Statistics
- Chief Financial Officer
- Chief Information Officer
- Civil Rights
- Communications
- Equal Employment Opportunity Office
- General Counsel
- National Institute of Justice
- Office for Victims of Crime
- Office of Juvenile Justice and Delinquency Prevention
- Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking Office

DOJ Salary Cap (Con’t)

You may not pay cash compensation (salary plus bonuses) to any employee at a rate that exceeds 110 percent of the annual salary payable to someone at the Federal Government’s Senior Executive Service (SES) level.

Effective with FY2020 Awards

Executive level II salary cap:
- $217,030 – 12 month faculty
- $162,772 – 9 month faculty
- $54,257 – Summer faculty (cash)

The cost share requirement does not apply to any personnel under these salary cap amounts.
**PROPOSING AND BUDGETING COST SHARE**

**PRE-AWARD PROCESS**

**GRANTS ADMINISTRATOR (OSP)**
- Reviews sponsor and proposal guidelines for any cost share requirements (salary cap, unrecovered indirect, 1-1 match, etc.)
- Includes any mandatory cost share in the budget based on PI input
- Only includes voluntary cost share in the budget if the PI requests it

**PRINCIPAL INVESTIGATOR**
- Works with Grants Administrator to develop sponsor budget and any needed cost share budget
- Works with their Department to ensure cost share can be covered
- Identifies the org number that will cover the cost share portion
- Signs the routing form
Person with signature authority for the org number must also sign routing form

**PROPOSAL BUDGET EXAMPLE**
OSPEP RECEIVES AN AWARD WITH COST SHARE

Even if a sponsor does not require cost share, if cost share was proposed to the sponsor, and the proposal gets awarded, then the 'voluntary committed' cost share becomes mandatory.

OSP COST SHARE SETUP

POST AWARD

- Reviews the award for type of cost share
- Requests the activity code to be created
- Links the activity code to the org number provided on the routing
- Enters the cost share budget into Banner
  - Salary cap cost share has a $1 budget
- Sends an email with award letter to the PI and/or Department containing:
  - Award Budget with cost share requirement
  - Assigned activity code to use
  - A link to Mason’s Cost Sharing policy
**ACTIVITY CODE**

The ACTIVITY CODE is used for indicating cost share expenses associated with a sponsored project at Mason.

**EXAMPLE:**

SPONSORED FUND 201201

**TOTAL PROJECT COSTS**

**AWARD LETTER EXAMPLE**

**CHARGING COST SHARE**

**ACTIVITY CODE (CON’T)**

The first two characters of the activity code are determined by the sponsor type and cost share type:

- 00 – Federal sponsors (Funds 20XXXX)
- 99 – Non-Federal sponsors (Funds 22XXXX)
- SC – Salary cap cost share (SCXXXX)

The last four digits of the activity code correspond to the Fund number of the associated sponsored project.

**EXAMPLE:** Activity code is 001201 for cost share associated with Fund 201201.
**FUNDING CHANGE FORMS (FCF)**

FUNDING CHANGE FORMS are used for assigning effort (labor) to orgs, funds, and cost share activities

- Refer to award budget to see if the person you are completing the FCF for should have any cost shared effort
- Find the activity code for the project along with the org number that it was setup under
- On the FCF **you must include the activity code AND the org number** so that it will be tracked and entered into Banner correctly

**JOURNAL VOUCHER (JV) EXAMPLE**

<table>
<thead>
<tr>
<th>Fund Acct</th>
<th>General Accounting</th>
<th>3705-402</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tel: 7-2457</td>
<td>Fax: 7-2529</td>
<td></td>
</tr>
</tbody>
</table>

**FUNDING CHANGE FORM EXAMPLE**

- **New Compensation Labor Distribution**
  - Fund/Activity: %
  - Funding End Date: 5/20
  - Funding Line Date: 5/20

**REVIEWING COST SHARE**

- **Journal Voucher Multiple Entry Form**
  - Instructions: Use this form for direct expenditures (non-petty cash) transactions between “Inter” funds or orgs or between “Local” funds or orgs. Prepare a Personal Request and send it to Accounts Payable for transactions that cross between State and Local funds or orgs.

<table>
<thead>
<tr>
<th>Item Code</th>
<th>Item Description</th>
<th>Account</th>
<th>Org</th>
<th>Activity</th>
<th>Source Document</th>
</tr>
</thead>
<tbody>
<tr>
<td>74410</td>
<td>Lab supplies</td>
<td>501.53</td>
<td>10</td>
<td>74410</td>
<td>J-123456</td>
</tr>
</tbody>
</table>

Think. Learn. Succeed.
**REVIEWING COST SHARE**

The Department and/or PI are responsible for reviewing cost share associated with sponsored funds and ensuring that they meet the proposed cost share amounts (or correct salary cap amounts).

The following reports to use for reviewing cost share:

1. MicroStrategy Report: Grants Cost Share
2. Monthly Report sent by OSP to units

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**RESOURCES**

- Cost Sharing Slides on OSP Website: [http://osp.gmu.edu/workshop-resources/](http://osp.gmu.edu/workshop-resources/)

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**MICROSTRATEGY: GRANTS COST SHARE**

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**Agenda**

- Types of Awards
- Types of Invoices
- Frequency of Invoices
- Types of Sponsors
- Reporting Requirements
- Types of Financial Reports
- Award Closeout Overview
- Report Submission Resources
Types of Awards

1. Cost Reimbursable
2. Firm Fixed Price
3. Progress Pay

Types of Invoices

1. PMS Drawdown
2. Non – PMS Drawdown
3. 270B Form
4. 1034 Form
5. OSPB
6. OSPF
7. Others

Frequency of Invoices

- Monthly
- Quarterly
- Milestones, Deliverables or Schedule

Types of Sponsors

Federal and Federal Pass-through
- 20XXXX funds
- Heather Scruggs

Private and Foundation Accounts
- 22XXXX funds
- Theresa Walker
### Reporting Requirements

<table>
<thead>
<tr>
<th>Type of Reports</th>
<th>Submission Duration</th>
<th>Submission Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim Financial &amp; Technical Reports</td>
<td>Follow sponsor directions</td>
<td>No later than 30 days after the end of each reporting period</td>
</tr>
<tr>
<td>Final Financial &amp; Technical Reports</td>
<td>By the completion of award agreement</td>
<td>Anywhere from 30 to 90 days after the project or grant period end date</td>
</tr>
</tbody>
</table>

**PI is responsible for submitting the technical report on time.**

### Types of Financial Reports

- SF 425
- ED 524B
- PI Reports
- Sponsor-Provided Format

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### Award Closeout Overview

1) Award Expiration Notices—sent to PI’s automatically on the 2nd Saturday of each month (formerly 30-60-90 Day Letters)

   - Financial Manager
   - Research Administrators
   - PI

### Award Closeout Overview Cont.

2) No Additional Funding or NCE is Expected

   - Process necessary paperwork
   - Review the schedule of deliverables and required project reports
   - Send a copy of the final reports to OSP
   - Deactivate all project’s copy cards
   - Contact DoIT and Client Services for project phones
   - Terminate all wage positions using Electronic Approval process
   - Submit FCF for faculty and classified staff
Awards Closeout Overview Cont.

3) Closeout Time & Email

- Closeout Information
- Amount of the Award
- Award Expenses
- Unspent Funds
- Sponsor’s Closeout Reporting Requirements & Due Dates

Closing with the Sponsor

Three Cases:
1. A request for closeout documentation will be sent by the sponsor
2. Determine the final reporting requirements by reviewing award documents
3. The sponsor initiates closeout activities several years after the award ends!!

Process Closeout in Banner

Two Aspects of Closeout

With Sponsor

In Banner

Closing In Banner

- Use Closeout Checklist
- Items That Prevent Award Closeout
  - Project is overspent
  - Payments have not been received
  - Project has positive cash
Types of Closeout Documents

- Final Financial Report
- Final Patent Report
- Final Technical Report
- Final Inventory Report of Federally – Owned Property
- Subcontract Closeout

Final Financial Report

- How much GMU spent?
- How much we received in payment?
- Is there any money to return or de-obligate?

Final Financial Statement for Federal Grants:

SF 425 Federal Form

Final Patent Report

States patents developed using the funds from the project.

Reporting Patents:

<table>
<thead>
<tr>
<th>Patents Developed</th>
<th>No Patents</th>
</tr>
</thead>
<tbody>
<tr>
<td>OSP Send email to PI</td>
<td>OSP Send email to PI</td>
</tr>
<tr>
<td>OTT is copied</td>
<td>OTT is copied</td>
</tr>
<tr>
<td>DD 882 Federal Form</td>
<td>Negative Reports</td>
</tr>
<tr>
<td>Or Other Forms</td>
<td></td>
</tr>
</tbody>
</table>

Final Technical Reports

It is the PI’s Responsibility!

Process:

- Complete the report
- Send a copy to OSP
- Submit the report to the sponsor
  - NSF via Research.gov
  - NIH via eRA commons
Final Inventory Report of Federally-Owned Property

- What is the equipment definition?
- What if government furnished equipment is provided?

<table>
<thead>
<tr>
<th>Property/Equipment Vests with GMU</th>
<th>Property/Equipment Vests with the Sponsor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment is ours</td>
<td>Request disposition instructions</td>
</tr>
<tr>
<td>No need to report it</td>
<td>Need to report it</td>
</tr>
<tr>
<td></td>
<td>DOD Projects: DD 1662 Federal Form</td>
</tr>
<tr>
<td></td>
<td>Or, OSP generic report format</td>
</tr>
</tbody>
</table>

Subcontract Closeout

Process:
- GMU requests closeout documentation from the subcontractor
- GMU must confirm that the subcontractor:
  - has billed for all work
  - been paid for all work completed
  - has not developed any patents

Firm - Fixed Price Awards

- Reviewing Firm – Fixed price awards
- Processing Remaining Balance:

<table>
<thead>
<tr>
<th>Less than 15%</th>
<th>Unexpended Funds</th>
<th>Remaining funds (-) the applicable F&amp;A</th>
<th>PI’s Pool Org</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exceeds 15%</td>
<td>Paper Work</td>
<td>Fixed-Price Closeout Worksheet</td>
<td>PI’s Pool Org</td>
</tr>
<tr>
<td>Exceeds 35%</td>
<td>University Controller Approves Form</td>
<td>Remaining funds (-) the applicable F&amp;A</td>
<td>PI’s Pool Org</td>
</tr>
</tbody>
</table>

File Management

The File Tracking System

Useful for locating closeout files

Process:
- Project Fully Closed
- 3 Years On - Site
- 7 Years Off - Site
Report Submission Resources

- NSF at: www.research.gov
- NIH at: https://public.era.nih.gov/commons
- NOAA at: https://grantsonline.rdc.noaa.gov/flows/home/Login/LoginController.jspf
- NEH at: https://securegrants.neh.gov/eGMS/Login.aspx
- USDOED at: https://www.g5.gov/

Why Monitor Effort/Salary?

- Salary and wages account for approximately 60% of all sponsored expenditures
- Certification of salary and wages on federal awards is required by the federal government
- Key area of focus by auditors to verify what was proposed was actually done

Payroll Certification on Federally Sponsored Projects

Office of Sponsored Programs

May 4, 2017

Payroll Certification: Approval

- GMU received approval from the FDP and the Office of Naval Research (ONR) effective January 1, 2011 to pilot Payroll Certification
- GMU is the first school to receive approval for Payroll Certification
- All awards transitioned by January 1, 2012
Payroll Certification vs. Effort Reporting

<table>
<thead>
<tr>
<th>Description</th>
<th>Effort Reporting</th>
<th>Payroll Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Focus</td>
<td>Individuals</td>
<td>Project (Grant or Contract)</td>
</tr>
<tr>
<td>Timeframe for Distribution</td>
<td>Consistent points in time</td>
<td>End of Project Budget Year</td>
</tr>
<tr>
<td>Certification Frequency</td>
<td>Three Times per Year</td>
<td>Annually</td>
</tr>
<tr>
<td>Types of Funding</td>
<td>All Sponsored Funds</td>
<td>Federal Funds</td>
</tr>
<tr>
<td>Annual # of Reports</td>
<td>2700</td>
<td>700</td>
</tr>
<tr>
<td>Approvers</td>
<td>Individuals charged to projects</td>
<td>Principal Investigator</td>
</tr>
<tr>
<td>System Rationale</td>
<td>Effort reasonable based on overall institutional effort</td>
<td>Salary and wage amounts reasonable based on work performed</td>
</tr>
<tr>
<td>Committed Cost Sharing</td>
<td>Shown as percentage of overall institutional effort</td>
<td>Shown as amount reasonable based on work performed</td>
</tr>
</tbody>
</table>

Payroll Certification Process

- OSP generates reports 60 days after the last day of the month for the anniversary start date or project end date, whichever is sooner
- Reports will be distributed to payroll certification liaison
- Payroll certification liaison works with PIs to obtain approval

Payroll Certification Process (Cont.)

- Payroll certification liaison returns reports to OSP within 45 days of distribution
- Reports not received within 45 days sent to Dean for follow-up and completion within 2 weeks
- Any reports not certified within 60 days will result in salary charges moved to a non-sponsored source of funding
### Monitoring Effort/Salary

- Include some level of PI effort on all projects
- Request sponsor approval if PI is absent for more than 3 months or 25% reduction in PI time
- Avoid charging faculty 100% to sponsored funds if they have other responsibilities
- Process funding change forms in a timely manner

### Monitoring Effort/Salary (Cont.)

- Include complete explanations and necessary approval signatures
- Track committed cost share with activity code
- Complete payroll certifications timely
- Avoid funding adjustments after project period previously certified
- Review project expenses regularly and process timely corrections if needed

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### Questions?

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