Cost Sharing:
If you *must*, here are important things to know

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Who we are

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What we will cover

Cost Share:

- What is it?
- Where do you find it?
- When do you track it?
- What happens in Award Set Up?
- What happens year-to-year in project management?
- What happens at the end of the project?
PROPOSAL: We offer Commitments

AWARD: Commitments Become Obligations

Commitment Setup

Commitments are Fulfilled

Tracking and Management

Documentation & Reporting of Fulfillment
Disclaimer!

Any & all examples are hypothetical
What do you think?

Using the chat box

- Positives
- Negatives
What is the PI / team looking for?

*Here is the first formula of the day….*

Full Cost $-$ Sponsor Budget $=$ Institutional Investment

The cost of the project **not** provided by the sponsor
What is a sponsor looking for?

- “Institutional Support”
- “Institutional Commitment”
- “Matching funds”
Where can you (try) to find partners to help support the project?
Drivers to participate

Strategic decisions by units

“We have to do it anyway”
(Institutional Investment)

Match required by sponsor
Benefit to >1 individual or unit
Multidisciplinary Infrastructure investments
Prestige
Retention of the PI
What are units looking for?

It depends...

Bring all parties to the party

Many units on campus expect to see from all participating units/individuals

Each unit may have a different strategy
Case Study: OVPR

Priority: Project aligns with institutional strategies/goals

- Interdisciplinary involving > 1 school/college/unit
- Infrastructure benefitting > 1 school/college/unit
- Institutional prestige / reputation
- Consider unit’s resources (is there a need?)

For more detailed information visit:
https://orsp.umich.edu/develop-proposal/cost-sharing-requirements/ovpr-cost-sharing
(S)he who has the gold...

Units have requirements, just like sponsors

**Prep documents required to request OVPR Cost Share:**
- The OVPR Cost Share Request form (on website)
- The total budget
- Project Abstract/description
- All school/college/unit approvals
- Any draft letters of support

**Once documents are ready requests are entered into InfoReady Research by the Associate Dean or their delegate at least 3 weeks prior to sponsor due date.**
OVPR reviews cost share requests as they are received and late requests are given lower priority. The requestor (the RAD/delegate) will receive a response via InfoReady when the request is reviewed. If approved, the project team adds the OVPR cost sharing to the PAF and attaches the OVPR Cost Share Request Form and the approval email from InfoReady. OVPR will then approve the PAF.

For questions about OVPR Cost Sharing, contact: umor.costsharing@umich.edu
You found someone to invest.
Now what??
Before proposing to a sponsor...

- Must be allowable costs
- Must not be used as match on another (federal) project
- Decide how to externally represent & internally capture institutional “cash” or contributions
- It may need to be tracked / verifiable
Definitions

- Mandatory: required by sponsor as a condition of eligibility or award

- Voluntary: offered by applicant and is not required by sponsor
  - Voluntary Committed: offered in the proposal and committed/budgeted as part of award
  - Voluntary Uncommitted: anything beyond that which is committed and budgeted for in award
## Cost Share

<table>
<thead>
<tr>
<th>UM Cost Sharing</th>
<th>Quantified</th>
<th>Non-Quantified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsor Requires</td>
<td>Mandatory Commitment</td>
<td></td>
</tr>
<tr>
<td>Sponsor Does Not Require</td>
<td>Voluntary Commitment</td>
<td>Voluntary – Not Tracked</td>
</tr>
</tbody>
</table>
## Cost Share – Implications

<table>
<thead>
<tr>
<th>UM Cost Sharing</th>
<th>Quantified</th>
<th>Non-Quantified</th>
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<td>Sponsor Does Not Require</td>
<td>Voluntary Commitment</td>
<td>Voluntary – Not Tracked</td>
</tr>
</tbody>
</table>
# Cost Share – How to capture

<table>
<thead>
<tr>
<th>UM Cost Sharing</th>
<th>Quantified (TRACKED)</th>
<th>Non-Quantified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsor Requires</td>
<td>Mandatory Commitment</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>PAF - Details</td>
<td></td>
</tr>
<tr>
<td>Sponsor Does Not Require</td>
<td>Voluntary Commitment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>PAF - Details</td>
<td></td>
</tr>
</tbody>
</table>

**Remember:** PAF reflects what we tell the sponsor

Voluntary – Not Tracked: PAF – Other Institutional Commitments
Written into the proposal is a statement that the department will provide 10% effort for the PI *and* provide any additional supply costs not in the budget.

Are the items:
A. Mandatory Commitments
B. Voluntary Commitments
C. I need more information
Written into the proposal is a statement that the department will provide 10% effort for the PI and provide any additional supply costs not in the budget.

Do you mark the PAF:
A. *Other UM commitment* for effort & supplies
B. *Details of UM Cost Share* for the effort and *Other UM Commitment* for supplies
C. Neither have a value, so nothing appears on the PAF
# Cost Share – Other Sources

<table>
<thead>
<tr>
<th>Type</th>
<th>In Proposal</th>
<th>On the PAF</th>
<th>What to do</th>
</tr>
</thead>
<tbody>
<tr>
<td>Third Party Contributions</td>
<td>Quantified or Non-Quantified</td>
<td>Non-UM Commitment</td>
<td>Have a communication signed by an “appropriate institutional official” for the commitment</td>
</tr>
<tr>
<td>Leveraging of Another Sponsored Project</td>
<td>Described</td>
<td>Budget Notes section</td>
<td>Cite the existing P/G, verify the terms allow the usage / allocation, and verify dates of existing encompass the dates of commitment on the proposed.</td>
</tr>
<tr>
<td>Amounts over a Sponsor Allowed Cap for a line item</td>
<td>Described</td>
<td>No mention</td>
<td>Current accepted UM practice not to document on PAF for salary, tuition, other caps</td>
</tr>
<tr>
<td>Agreements between Units</td>
<td>Optional: Description</td>
<td>Internal UM Commitments</td>
<td>No requirement to list, but you can capture in the Internal UM Agreements section</td>
</tr>
</tbody>
</table>
You have an award.
The exciting part begins!
What happens in eRPM?

Carries to AWD tracking
- Details of UM Cost Share

Lives forever on the PAF
- UM Other Commitments
- Internal UM Agreements

 Doesn’t carry to AWD, but watch for audit purposes
- Non-UM Cost Sharing / Internal U-M Agreements
- Leveraging other projects
What will the project be held to?

There is **match cost share** and the award amount changes:

- Recalculated adjustment
- Held to Proportionate Cost Share
  - proportionate to sponsor expenditure
When a required match...

<table>
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<tr>
<th>Sponsor Total Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recalculated Match Cost Share</td>
</tr>
<tr>
<td>Cost Share Proposed</td>
</tr>
</tbody>
</table>

- Stays proportionate
- Through life of award
What will the project be held to?

There is **cost share** and an award >80% of proposed:

- Held to full cost share
- New balance
The math!

When not a match...

- Often $Y\% > X\%$
- Math begins with $Y\%$ at close out
Consider approaching sponsor to change the required cost share as part of award execution

- Award Acceptance Request (AAR)
  - Required to clarify or change the cost share
  - Will help with closeout!
  - Don’t forget to include documentation
Post-Award Monitoring

- Reconcile the account
- Monitor expenditures
- Make projections on spend
- Collect Revenue
- Sponsored Programs provides a Cost Share Analysis
- YOU do the math in between
  - Many awards are 4-5 years before a close out
  - Surprises shouldn’t happen

All the usual activities for sponsor funds, just cost share account
Tracking IDC on cost share

Should I be factoring in post-award monitoring?

- Yes
  If match, you want the “credit” for those $

- Remember
  - There is a cost of supporting the research
  - “paying ourselves” for the use of lights, water, building
Factoring in changes during project

File an ACR – Award Change Request

- Required to clarify or change the cost share
- Depending on the change, may require sponsor involvement
- Will help with closeout!
- Don’t forget to include documentation
Test your knowledge – Poll #3

Faculty member has 10% effort Cost Shared that is estimated to be worth $23,000 in salary + fringe benefits.

On the PAF *Detail of UM Cost Share*, which option is better for clarity in post-award?

A. Support of effort $23,000
B. Dr. K 10% effort & fringe $23,000
Test your knowledge – Poll #4

A faculty member is applying to an NSF MRI and has justified a spectrometer (equipment $150,000) with $75,000 in the budget to the sponsor and stating that U-M will provide the rest of the cost.

On the PAF *Detail of UM Cost Share*, which option is better for clarity in post-award?

A. Support of equipment: $75,000
B. Support 50% of the spectrometer: $75,000
The project is closing.
It’s all taken care of!
# Starting point for review

## Cost Sharing Analysis

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>CS Required Per PAN</td>
<td>$63,124.00</td>
</tr>
<tr>
<td>Sponsor Authorization</td>
<td>$99,808.00</td>
</tr>
<tr>
<td>Total Expenses (CS + Sponsor)</td>
<td>$162,932.00</td>
</tr>
<tr>
<td>CS Required Percentage</td>
<td>38.74%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Sponsor Expenses</td>
<td>$85,664.72</td>
</tr>
<tr>
<td>Sponsor (Actual Expenses/Authorization)</td>
<td>85.83%</td>
</tr>
<tr>
<td>Total Expenses (CS + Sponsor)</td>
<td>$130,843.74</td>
</tr>
<tr>
<td>CS Requested</td>
<td>$54,179.02</td>
</tr>
</tbody>
</table>

*From WKS (Total)*
“The sponsor doesn’t care…”

Most common comment when cost share isn’t met

- It doesn’t matter....
- Go back, ask for confirmation
  - From an appropriate person
- File an ACR to reduce cost sharing
  - Include documentation
Highlights

- Cost share is **one** way to show institutional commitment to a project.
- Cost share = increased administrative burden.
- Quantification matters – a whole lot.
- Tracking is important and cannot wait until the end of the project.
- Be proactive!!
Share your tips!
Thank you!

Contact the Navigate Team with questions and comments

navigate-research@umich.edu