Research Administration Practices (RAP) Sessions

Cost Sharing: Post Award Management

February 10, 2021

Josh Freedman, Assistant Director for Finance and Administration, Institute for Soldier Nanotechnologies

Mary McGonagle, Senior Contract Administrator II, RAS

Mike Hiekin, Assistant Manager, Sponsored Accounting, VPF

Carole Trainor, Senior Research Administration Support and Education Specialist, VPR
Agenda

RAP Sessions: Targeted skills based educational offerings open to the Research Administration community at MIT. Information gathered and shared with attendees can be taken back to their desks and applied immediately.

Welcome and Introductions

Cost Sharing Defined

Cost Sharing in KC Award Module

Tracking & Documenting:

- Salary & EB
- Non-Salary
- F&A
- Tuition Subsidy for Grad RA Effort
- Third Party

Reporting and Closeout of Award with Cost Sharing
Introductions

Mary McGonagle, Senior Contract Administrator II, RAS

Josh Freedman, Assistant Director for Finance and Administration, Institute for Soldier Nanotechnologies

Mike Hiekin, Assistant Manager, Sponsored Accounting, VPF

Carole Trainor, Senior Research Administration Education and Support Specialist, VPR
MIT Cost Sharing Resources

Cost Sharing Initiative: Sponsored by RACC, VPR, VPF, RAS, and IS&T collaborate to identify process improvements for Institute cost sharing including electronic “smart” Cost Sharing Template and improved reporting.

Cognos Cost Sharing Reports: https://reports.mit.edu Public Folders > Departmental Reports > Financial DLC Reports > Cost Sharing Reports

RAS > Cost Sharing https://ras.mit.edu/grant-and-contract-administration/cost-sharing

Cost Sharing Primer https://ras.mit.edu/grant-and-contract-administration/cost-sharing/cost-sharing-primer
What is Cost Sharing?

Cost sharing is the portion of a project or program cost that is not reimbursed by the sponsor. Cost sharing represents a commitment by the Institute. Any cost share offered in a proposal becomes a binding commitment to that agreement even if the agency did not require such support (voluntary cost share).

Two forms of cost sharing

- **Cash contributions** from the recipient of the award (MIT)
  - Includes funds given to the recipient by 3rd parties
- **In-kind contributions** (non-cash) including
  - Value of donated goods and services that can be identified with the project
Cost Sharing Myths

Cost Sharing is MIT’s money – we can spend it as we see fit (do not need to follow Uniform Guidance regulations on Allowable Costs or restrictions in terms of the agreement).

Cost Sharing should be treated as a “Rainy Day fund” – spend the sponsor funding first, then use the cost share if needed.

Cost Sharing funds that are not spent at the end of the award can be used on other projects or moved to the PI’s discretionary account.

DLC does not need to track and document Cost Sharing Tuition Subsidy because it’s not in SAP.
Cost Sharing Types

Cash contributions (MIT preferred types)
- MIT Tuition Subsidies for Graduate Students’ RA Effort
- Effort/Fringe Benefits and F&A (i.e., Faculty AY Salary & EB, F&A)
- Equipment (other non-salary expenses)

In-kind contributions (3rd Party)
- Services
- Equipment
- Supplies
- Real Property
Cost Sharing MUST

All cost sharing contributions must meet all the criteria below to be accepted by the sponsoring agency

• VERIFIABLE from the recipient’s records
• NOT included as contributions for any OTHER FEDERALLY ASSISTED PROGRAM
• NECESSARY and REASONABLE for accomplishment of project objectives
• ALLOWABLE under the applicable cost principles of the sponsored agreement
• NOT PAID BY THE FEDERAL GOVERNMENT under another assistance agreement (unless the agreement is authorized by federal law to be used for cost sharing or matching)
• In the APPROVED BUDGET when required by the sponsoring agency
• INCURRED during the EFFECTIVE DATE OF THE AWARD
• CONFORM to other provisions of the applicable AGENCY GUIDELINES.

NOT Allowed as Cost Sharing

The following expenses **CANNOT** be offered as cost sharing commitments in sponsored proposals.

- **Other Federal Awards:** The PI may NOT utilize funds from one Federal award as cost sharing on another Federal award (the PI may utilize funds from non-federal awards as the source of cost sharing when specifically allowed by the federal sponsor).

- **Use of MIT-Owned Equipment (in MIT’s current inventory):** The sponsor is already paying for a portion of it through the F&A rate calculation and the equipment was not purchased for use on this project.
NOT Allowed as Cost Sharing

• Institute facilities such as laboratory space. The use of MIT facilities is recovered from sponsors through the application of the F&A cost rate.

• Unallowable costs per Uniform Guidance (2 CFR, Part 200 Subpart E)

• Salary dollars above a regulatory cap. i.e., NIH salary cap limits the salary amount that may be charged to NIH grants and contracts. The Institute may pay an individual’s salary amount in excess of the salary cap with non-federal funds. However, this differential cannot be used for cost sharing.

See Allowable/Eligible Cost Sharing [https://ras.mit.edu/grant-and-contract-administration/cost-sharing/what-allowableeligible-cost-sharing](https://ras.mit.edu/grant-and-contract-administration/cost-sharing/what-allowableeligible-cost-sharing)
Cost Sharing is a Commitment
Understand the cost sharing commitments

- Most awards require that the cost sharing commitment be fulfilled by the expiration of the award. However, there may be interim obligations for expenditures and/or reporting.
- Some awards may limit the re-budgeting of cost sharing or may require approval for certain costs.
- Costs must be allowable per agreement terms.
Document was successfully reloaded.

**KC Award Level-1 Parent**

- **Cost Sharing Types, Source, Amount**
- **Agreement/Cost Sharing commitment**
- **Invoice Cost Share reporting**
- **Terms & Prior Approvals**
### Prior Approval Terms

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<thead>
<tr>
<th>Code</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>143: No Human Subject/Animal Usage work can begin prior to the effective date of the protocol</td>
</tr>
<tr>
<td>2</td>
<td>7: Prior approval required for no-cost extensions; see award for details and deadlines.</td>
</tr>
<tr>
<td>3</td>
<td>9: Prior approval required for consultant costs</td>
</tr>
<tr>
<td>4</td>
<td>69: Prior approval required for reduction in PI effort, see Agreement for details</td>
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<td>5</td>
<td>81: Prior approval required for involvement of any foreign entity in SOW</td>
</tr>
<tr>
<td>6</td>
<td>91: Use of Names requires prior approval - see clause in award.</td>
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<td>7</td>
<td>94: Prior approval required for pre-award costs</td>
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<td>8</td>
<td>112: This award is subject to FAR Clause 52.222-54 Employment Eligibility Verification The DLC is responsible for working with HR to ensure that all individuals working on this award have been processed</td>
</tr>
<tr>
<td>9</td>
<td>124: See clause in agreement regarding handling of confidential information</td>
</tr>
<tr>
<td>10</td>
<td>126: Prior approval required for absence and/or change of key personnel</td>
</tr>
<tr>
<td>11</td>
<td>133: Prior approval required for items/services not identified in approved budget</td>
</tr>
<tr>
<td>12</td>
<td>179: See award for cost sharing changes that require Sponsor prior approval.</td>
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</table>
**KC Award: Payment, Reports and Terms**

**Payment & Invoice requirements**

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<tr>
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<th>RAS File Copy</th>
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<tr>
<td>Payment/Invoice Frequency</td>
<td>Monthly</td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

Invoice:

DLC must provide cost share report to be sent with each invoice.
If the Commitments > Cost Sharing screen has a Type = “Funded” and Project Period = 1, 2, 3, etc., instead of FY, it indicates that a Cost Sharing Template has not been submitted or the award is not yet updated.
Cost Sharing Template: DLC responsibility

- Full cost sharing obligation under the award must be described, including MIT Funded and Non-Funded (3rd party, donated), per FY for project period.
- DLC may consolidate amounts for all non-funded cost sharing “Other” except for that provided by subrecipients.
- Indicate Type, Amount and Funding Source.
- If another DLC is funding a cost share type, get account# and signature.
- Must be submitted to RAS for review and posting to KC award parent and child.
- Yearly, prior to mid-July, submit to RAS all changes to the cost sharing plan for the current FY.

See Cost Sharing Template Guide
KC Award: Level-1 Parent & Cost Share Child

Complete Cost Sharing Template for each fiscal year of the project, including both funded and non-funded cost sharing, and send to RAS CA via OST or email. RAS will update KC Award Commitments > Cost Sharing.

KC Parent -00001

Cost Share Commitments

Funded
- Salary & EB
- Tuition Subsidy
- Non-Salary (i.e., Equipment)

Non-Funded
- 3rd Party
- Subaward

KC Cost Share child -00002

Cost Share Commitments

Funded
- Salary & EB
- Non-Salary (i.e., Equipment)

MIT-funded cost sharing (except Graduate RA tuition subsidy) is documented in the WBS cost share child.

Tuition Subsidy details do not feed to child
When the **Commitments > Cost Sharing** screen for the WBS Cost Share Child is updated, VPF processes JV funding entries for all amounts shown on the cost sharing WBS with funding source accounts for the current fiscal year. The cost sharing $s will be transferred by from the MIT source cost object (using GL 800702 Cost Sharing - Transfer Out) to the cost sharing WBS account (using GL 800701 Cost Sharing- Transfer In) based on Kuali Coeus data.

VPF will reach out to the DLC if the Cost Share template needs to be modified.
### SUMMARY STATEMENT
**WBS 1234567**

**Month End October 31 2020**

**Profit Center:** Research MTDC On Campus

**Contract Number:** 54.70 ON - 6.00 OFF

**Sponsor:** MIT - Internal Cost Sharing

**Funds Available:** $42,410.98

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### EXPENSE NET OF REVENUE

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<th>Cumulative</th>
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<tr>
<td>Direct Expenses</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Salaries &amp; Benefits</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Salaries &amp; Wages</td>
<td>3,091.11</td>
<td>6,182.22</td>
<td>80,902.27</td>
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<td>400040 - Faculty Non-Tenured-On</td>
<td>3,091.11</td>
<td>6,182.22</td>
<td>80,902.27</td>
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<td><strong>TOTAL Salaries &amp; Wages</strong></td>
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<td>6,182.22</td>
<td>80,902.27</td>
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<tr>
<td>Employee Benefits</td>
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<td></td>
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<td>Fund &amp; MTDC Base EB On Campus</td>
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<td>1,650.66</td>
<td>20,890.66</td>
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<td>600204 - EB On</td>
<td>825.33</td>
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<td>20,890.66</td>
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<td><strong>TOTAL Salaries &amp; Benefits</strong></td>
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<td>7,832.88</td>
<td>101,792.93</td>
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<tr>
<td>F&amp;A</td>
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<tr>
<td>600304 - F&amp;A On</td>
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<td><strong>TOTAL F&amp;A</strong></td>
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<td>4,057.44</td>
<td>55,492.96</td>
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<td>F&amp;A Adjustments</td>
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<td>600318 - Adj F&amp;A On to Spon Base/Rat</td>
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<td><strong>TOTAL Indirect Expenses</strong></td>
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<td>4,284.58</td>
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<td><strong>TOTAL Indirect Expenses</strong></td>
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<td>4,284.58</td>
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<td><strong>Summary/Authorized Total</strong></td>
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<td><strong>TOTAL Summary/Authorized Total</strong></td>
<td>6,058.73</td>
<td>12,117.46</td>
<td>157,473.69</td>
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</table>

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**Revenue**

**Revenue - Transfers & Cost Sharing**

**Cost Sharing**

**Revenue - Transfers & Cost Sharing**

**TOTAL Revenue**

**TOTAL EXPENSE NET OF REVENUE**

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02/08/2021 11:49:57 PS110600 MKHAYEN CEMIT-0 **Open Commitments as of 02/08/2021 11:49:57**
Cost Sharing:

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<th>%</th>
<th>Type</th>
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<th>Destination Acct</th>
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<td>1234567</td>
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<td>0.00</td>
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<td>2021</td>
<td>1402606</td>
<td>1234567</td>
<td>$15,230.63</td>
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Total: $159,184.67

Comments:
- 09/08/20: updated FY21 cost share, OST #47534
- 08/26/19 added FY20 cost share for 1234567 per OST
- 3/11/19: Updated FY18 and added FY19 1234567 cost share per OST re-opened
- 1/7/19: Updated FY18 cost share per OST 16317
- 08/13/20: added FY18 for 1234567
Tracking & Documenting

It is the responsibility of the DLC that is managing the sponsored program to monitor, track, and document cost sharing to ensure that all cost sharing commitments (mandatory and voluntary) made as a condition of the award are met, properly recorded and documented.

SAP Summary Statements for WBS cost sharing child cost objects must be reviewed each month or quarterly so that adjustments can be made in a timely manner, and that rates of expenditures can be monitored to assure availability of funds.
Funds for the faculty Salary/EB and F&A will be transferred by VPF to the WBS Cost Share child cost object based on the Cost Sharing Template entered in KC Award. SAP will display the funds as Revenue. The DLC is then responsible for changing salary distribution to the WBS cost sharing child cost object. The Expenses must match Revenue.

Salary and related employee benefits must be tracked and certified in the effort reporting system. The DLC submits an updated Cost Share Template to ensure that accurate Salary & EB and F&A are described.

See https://vpf.mit.edu/salary-distribution-requirements
Non-Salary

Institute contributes purchase costs for all or a portion of new equipment, supplies, etc., that directly benefits the project.

- **Equipment**
- **Laboratory supplies, chemicals, and glassware**
- **Allocation Costs**

Cost sharing expenditures follow the same cost principles as when spending Sponsor funds:

- **Allowable** – permissible according to the terms and conditions of the award
- **Allocable** – must provide a “benefit” to the project
- **Reasonable** – the “prudent person” test – Would a prudent person purchase the item at this cost? The cost is necessary for the performance of the activity
- **Consistent** – the cost is consistently treated and is consistent with established Institute policies and practices
- **Adequately documented** – in accordance with Institute policies and procedures
The Institute will absorb the F&A costs associated with cost sharing that is **Mandatory** (required by the funding agency). Funds for the F&A associated with the salary/EB and other non-salary costs are transferred by VPF to the WBS child cost object. In the Cost Share Template, the DLC must calculate the correct F&A cost per FY. For Mandatory Funded F&A, 1402600 as funding source.

Funding for F&A costs on cost sharing commitments that are **Voluntary**, not **required** by the funding agency, a DLC account must be provided as funding source in the Cost Share Template.
Tuition Subsidy

MIT currently provides a 50% tuition subsidy for Graduate Student Research Assistant (RA) during the Academic Year and 100% tuition subsidy during the Summer.

Graduate Student Research Assistant Tuition Subsidy is only identified as cost sharing when the research proposal/agreement explicitly makes a cost sharing commitment.

During proposal phase, only 66% of the tuition subsidy may be used to budget for cost sharing but at award phase, the full tuition subsidy may be used (based on RA effort).
Tuition Subsidy

Since the Tuition Subsidy is paid for with MIT general funds, cost share funding for Graduate RA Tuition Subsidy is not moved to a WBS cost share child account.

In the Cost Share Template, use 0000005 as the Funding Source and 9999999 as the Destination account.

Fall and spring RA tuition subsidy is charged to the Academic Department’s RA Tuition Account 17XXXXX; the summer RA tuition subsidy is charged to the Institute’s Account 1732200.

The DLC should document:

• name of the student,
• his/her percent effort
• period of the effort on the project
• total amount of the subsidy provided during that period.

Each year, the DLCs must send cost sharing documentation for a graduate student RA tuition subsidy to the RAS CA (via OST).
Third party In-Kind Contributions

Per Federal regulations, the value of non-cash contributions provided by non-Federal third parties, may be in the form of real property, equipment, supplies and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the project or program.

• Documentation should include a brief statement describing the basis for determining the valuation of services, material, or equipment.

• **Detailed Valuation and Documentation Guidelines** are described in the reference document – [Cost Sharing Primer for DLC Administrators](#), pages 10-13.

• Third-party cost sharing on federal awards and grants must meet the Uniform Guidance criteria that define [allowable cost sharing expenditures](#).

**Action Items for DLCs:**

• Annually provide copies of documentation of non-MIT-funded cost sharing to RAS and Sponsored Accounting

• Maintain copies of non-MIT-funded cost sharing – in the event of an audit or questioned costs
Subawards

• All federal cost sharing criteria and requirements apply to subrecipients who have made cost sharing commitments in their proposals.

• RAS Research Subawards Team (RST) includes cost sharing requirements in the subrecipient agreement, requiring cost sharing reporting on invoices for payment.

• DLC has responsibility for determining that the subrecipient has completed sufficient work for the invoice to be paid and are meeting cost sharing requirements.

See RAP: The Subaward Process [PDF] [Video]
Cost Share Reports

• DLC – check KC award and agreement terms for reporting requirements. Some sponsors may require more detail than others.

• DLC - report to sponsor based on agreement terms (some require interim/quarterly reporting). Share copies of all cost sharing reports to the sponsor with RAS.

**Final Financial:**

• VPF audits the WBS Cost Share Child

• VPF will include total amount of cost share expenditure (if needed)

• DLC will provide VPF with records of Cost Sharing that are not funded through a WBS cost share child as needed.
**Recipient Share:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Total recipient share required</td>
<td>$0.00</td>
</tr>
<tr>
<td>j. Recipient share of expenditures</td>
<td>$0.00</td>
</tr>
<tr>
<td>k. Remaining recipient share to be provided (line i minus j)</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
Cost Share Closeout

• VPF will audit cost share child accounts.
• DLC needs to provide information on whether everything is posted to the child account. If not, inform VPF.
• VPF confirms the correct FY Rates were used, checks that Secondary Costs, Categories were funded correctly.
• Funded amount (Authorized Total) must equal expenditures.
• DLC must revise Cost Sharing Template as needed.
• Account in balance is closed.

See RAP: Financial Closeout of Sponsored Projects [PDF] [Video]
<table>
<thead>
<tr>
<th>Description</th>
<th>Current</th>
<th>Fiscal YTD</th>
<th>Cumulative</th>
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<td>Transfers &amp; Cost Sharing</td>
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<td>Cost Sharing</td>
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<td>TOTAL Cost Sharing</td>
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<td>TOTAL Transfers &amp; Cost Sharing</td>
<td>27,808.10-</td>
<td>27,808.10-</td>
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<tr>
<td>TOTAL Revenue</td>
<td>27,808.10-</td>
<td>27,808.10-</td>
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<tr>
<td>TOTAL EXPENSE NET OF REVENUE</td>
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Helpful Resources

VPF Sponsored Accounting Team
https://vpf.mit.edu/staff/134

RAS Grant & Contract Administrator
https://ras.mit.edu/about-ras/staff/by-department

RA Support
Ra-help@mit.edu

Josh Freedman (offers assistance with tuition subsidy tracking questions)
joshf@mit.edu