

Cost Share Compliance

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Where to start?

- The Give & Take of Sponsored Programs
 - Sponsored programs represent an important source of revenue for institutions
 - Sponsored programs also represent an important set of costs for institutions
 - It is essential to understand this interplay of revenues and costs



Cost Sharing – Is it Coming or Going?

- Federal budget constraints
- Hyper-competitive funding environment; persistent belief among faculty (and institutions) that cost sharing increases proposal competitiveness
- Perception of institutions as wealthy
- New regulations affecting sponsored programs
- The 26% cap on the “A” portion of F&A
- “Cost sharing” vs. “institutional support”



Cost Sharing – Is it Coming or Going?

- Increased federal sensitivity to “bidding wars”
- NSF stance on prohibiting voluntary cost sharing
- No more earmarks
- Uniform Guidance changes
- In difficult budget climate, increasing institutional unwillingness to further subsidize research?



Cost Sharing May be Coming *and* Going

- Cost sharing won't go away, but the environment is changing
- The stakes are still high
- Institutions must continue to critically evaluate their strategic and mechanical approaches to cost sharing



IMPACTS, PHILOSOPHY & POLICY

Why cost share?

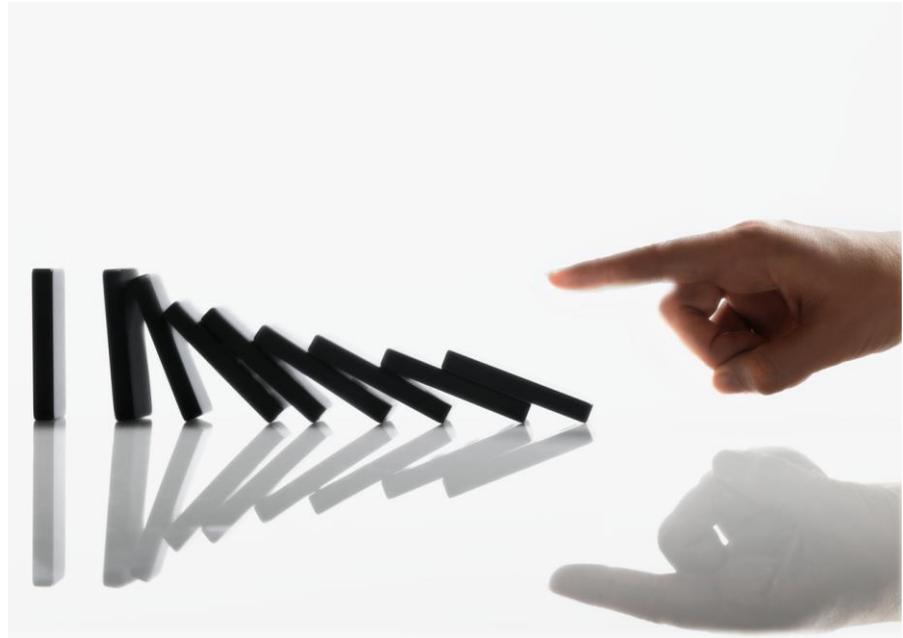


- There *are* reasons!
- Eligibility issue for certain programs
- Makes an institution's proposal more competitive
- Helps institutions allocate resources to areas of strategic national importance

Cost sharing can help an organization fulfill its mission as a premier research institution

Institutional Impacts Negative

- Financial
- Administrative
- Compliance
- Investigator
- F&A Rate



Financial Impact

- Cost sharing can redirect resources from departments, schools, and/or central units, limiting those units' capabilities
- Inherent forfeiture of indirect costs produced by cost sharing represents a further institutional subsidy



Administrative Impact

- Cost sharing represented in a proposal becomes a binding obligation at the award stage that the institution must monitor, document, and report on



- This represents a significant organizational administrative burden across many units and management levels at the institution

Compliance Impact

- In general, cost sharing increases the compliance risk of a sponsored project
- Cost sharing increases the institution's audit exposure, and any audit findings determining that cost sharing did not occur or did not occur to the committed level could result in serious consequences

Investigator Impact

- In situations where faculty effort is cost shared in support of a mandatory or voluntary committed cost share requirement, faculty members' ability to conduct other research may be limited



- Investigators can also be affected by the burden to monitor, document, and report on cost sharing

F&A Rate Impact

- The University's total amount of mandatory and voluntary committed cost sharing (salary and non-salary) must be included in the direct cost base for calculating the F&A rate
- The higher the overall amount of cost sharing, the lower the overall F&A rate for Organized Research

PRE-AWARD PROCESS

Reading & Evaluating the Solicitation

- Roadmap for the proposal
- Different sections will discuss cost sharing in different ways
- Evaluating the type of cost sharing
 - Mandatory
 - Voluntary Committed
 - “Salary Cap” cost sharing
- Total project costs vs. total sponsor costs
- Involvement of other organizations (e.g., subcontractors)

Considerations at Proposal Stage

- Representing cost sharing in the proposal
- Capturing “institutional support” – and what that means internally vs. externally
 - Existing resources vs. new resources
 - Facilities section/letters vs. dollar value
- Ensuring all contributions have been confirmed prior to institutional endorsement/submission

Pre-Award Connects to Post-Award

- Cost sharing (mandatory and voluntary) presented at the proposal stage must be monitored, documented, and reported on at award stage
- Conversations regarding the “how” and “why” of cost sharing must occur at proposal stage to set project up for success when award arrives
- Proposal stage is the opportunity to evaluate reasons to cost share, but award stage is where the real risk and (potential) negative impacts come into play
- Feedback loops between post-award and pre-award offices on cost sharing is critical

POST-AWARD MANAGEMENT

An Award with Cost Sharing – Now What?

- Changes in cost share commitment levels or strategies at the award stage should be proactively discussed with the sponsor
- Using enterprise systems effectively is crucial - must also understand what they can – and cannot – capture
- Tracking on uncommitted cost sharing can also have negative impact
- An institutional strategy to train department and central staff in award-stage cost sharing is essential

UNIFORM GUIDANCE

Uniform Guidance

- Effective December 26, 2014
- Clarification that cost sharing is only solicited when
 - Required by regulation
 - Transparent in solicitation
- Voluntary committed cost sharing should not be used as a factor in review of applications

Uniform Guidance

- Institutional Support vs. Cost Sharing
- Investigators will still want institutional resources, and will want to demonstrate those resources to the sponsor
- Consideration of institutional policy and approach, which may need to evolve
- If cost sharing is not formally quantified in the proposal but is demonstrated (e.g., facilities), how do you track it?
 - Do you *need* to track it?

Uniform Guidance

- Solicitation language not matching expectations
- Audit results will be important as organizations evaluate next steps
- Ongoing implementation and evaluation period