

Office of Contracts & Grants

Cost Sharing Basics

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Director

Objectives

- Definition of Cost Sharing
- Types of Cost Sharing
- Roles and Responsibilities
- Sources of Cost Sharing
- What Can I /Can't I Cost Share
- Managing Cost Sharing

Definition of Cost Sharing

- OMB Circular Definition:
 - *Cost Sharing or Matching* means the portion of project costs not paid by Federal funds (unless otherwise authorized by Federal statute).
- General Definition:
 - The portion of research/project costs that are not borne by the sponsor.

Types of Cost Sharing

- Mandatory Cost Share
- Voluntary
 - Committed
 - Uncommitted

Types of Cost Sharing

- **Mandatory Cost Share**
 - Cost Share that is required in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity.
 - This may be specified as a % of the total project costs or a fixed amount
 - The pledged cost share must come from a Non-Federal source of funds.

Types of Cost Sharing

- Voluntary Cost Share
 - Unless otherwise specified under federal regulations and in the funding opportunity, under Federal research proposals, voluntary committed cost sharing is not expected and cannot be used as a factor during the merit review of applications or proposals. -Reference: OMB Circular

Types of Cost Sharing

- Voluntary
 - Committed
 - Cost share in the proposal, which was not a requirement of the funding opportunity. Example: stating on the proposal that the PI will commit 5% effort, but is not charging any salary.
 - Generally discouraged to commit voluntary cost share
 - Uncommitted
 - Costs incurred in order to carry out the project which are not directly charged to the sponsor and do not require tracking.

Types of Cost Sharing - Summary

- **Mandatory Cost Share is:**

- Required by the sponsor in the RFP
- Included in the Proposal, stated in the budget
- Legally binding/must be tracked and reported to the sponsor

- **Voluntary Committed Cost Share is:**

- NOT a condition of the award
- Included/quantified in the proposal
- Legally binding/must be tracked and reported to the sponsor

- **Voluntary Uncommitted Cost Share is:**

- Project costs not funded by sponsor and not committed in the proposal
- Effort spent above the committed amount
- Is NOT required to be tracked or reported to the sponsor

Sources of Cost Sharing

- UC ANR Sources

- Other Sponsored Awards (NON-Federal) – Must have the other sponsor's approval to use that award as cost share on another project.
- Endowment Funds
- Gift Funds
- General Budget

Sources of Cost Sharing

- Third Party (Non-Federal)

- Subawardees
- Collaborators
- Volunteer Services / Donated Property
- Must have a signed letter of commitment from the third party.
- Must also be able to certify the value. For example: volunteer services rates must be consistent with those paid for similar work. Or if a third party furnishes the services of an employee, the cost shared value must be the employee's regular rate of pay plus fringe benefits provided it is for the same type of work.

Roles and Responsibilities

- Proposal Phase:
 - PI/OCG: Review sponsor guidelines for required cost share.
 - PI: Clearly document cost sharing in the budget and budget justification only.
 - PI: Obtain signed documentation from each funding source that has promised to contribute.
 - From UC ANR: Provide a signed letter from the unit head and AVP.
 - From a Third Party: provide a signed letter of commitment specifying the dollar amount.
 - Submit the signed documentation with the proposal package to OCG.

Roles and Responsibilities

- Award Phase:
 - OCG/PI/BOC/EFA: Review awarded budgets for cost share
 - PI/BOC: Enter in the Cost Share Tracking Systems
 - When the award ends: BOC would generate the contribution report if required. PI must certify the report prior to sending to EFA.

What Can I Cost Share?

- Costs eligible for cost sharing must be:
 - Readily verifiable in the University's records and documented in writing, if provided by a third party
 - Necessary and reasonable for the proper and efficient accomplishment of project or program objectives
 - Allowable under applicable cost principles
 - Not paid by another federal award, except as authorized by statute
 - Incurred within the performance period of the award
 - Not included as contributions for another federal project

What Can I Cost Share?

- Examples (must be allowable and allocable to the project):
 - Salaries/Benefits
 - Equipment and M&S
 - Other Direct Costs
 - Unrecovered F&A (with federal agency approval)

What Can't I Cost Share?

- Items normally treated as F&A Costs (i.e. administration costs, space, utilities, library resources, etc.)
- Costs unallowable per the OMB Cost Principles
- Costs not benefitting the project
- Costs not allowed on the award
- Items cost shared on other projects

Managing Cost Share Commitments

- Cost Share Tracking Systems
 - Used to track and document binding obligations of cost share commitments.
 - Extramural Accounting has more detailed training on the systems available.

See link for additional explanations:

<http://accounting.ucdavis.edu/costshare/index.cfm>

Who is Responsible

- Working with the PI, BOC is responsible for entering the data in the Cost Share Tracking Systems.
- PI will approve transactions for inclusion in the Contribution Report
- When the award ends, the PI will certify the Contribution Reports prior to sending to EFA.

Remember

- Cost Shared Expenditures are:
 - Subject to audit
 - Subject to federal cost principles
 - Part of the official record (record retention)
- Most Sponsors do not require cost sharing and unless required, it is generally discouraged.
- Cost sharing requires additional effort to prepare signed documentation, track expenses, and certify cost sharing reports.

Questions?

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