Cost Sharing 101

C&G User Group Meeting

May 19, 2014
What is Cost Sharing?

- Resources contributed or allocated by the University (including non-University/third party resources allocated to the University) to a sponsored project over and above the support provided by the extramural sponsor of that project.

  - Contributed resources must be:
    - Allowable project costs that are not borne by the sponsor, and
    - Costs that are directly allocable and are necessary for the completion of the project.
Types of Cost Sharing

- Mandatory Cost Sharing = Is the portion of the University’s contribution to the project that is required by the sponsor.
  - Typically, mandated by the sponsor in the RFA/RFP/Solicitation that a faculty member is applying to as a requirement to receive funding.
    ➢ The RFA/RFP/Solicitation will indicate the amount required and any limitations as to what can be provided as cost sharing.

- **MUST** be documented, tracked, and reported, per UCR Policy 527-6 and UC C&G Manual, Chapter 5.
Types of Cost Share (cont’d)

- **Voluntary Cost Sharing**: Is the portion of the University’s contribution to the project and/or non-Federal third parties contributions that are *not required* by the sponsor.
  
  - Voluntary Cost Sharing may be either:
    - Committed
    - or
    - Uncommitted
Voluntary Cost Sharing: Committed

- **Voluntary Committed**: Voluntary Cost Sharing quantified and offered in the proposal (i.e., budget, budget justification, project narrative).

  - Any implied cost sharing provided in the proposal **must be quantified** (otherwise, remove to avoid voluntary committed cost sharing).

  - By using language that cites % of time, salaries, or specific levels of support, PIs can commit to cost sharing, often unintentionally.

  - Statements of cost sharing commitments are legally binding on the institution should the proposal be funded, even when not required by the sponsor.

  - MUST be documented, tracked, and reported, per UCR Policy 527-6 and UC C&G Manual, Chapter 5.
Voluntary Cost Sharing: Uncommitted

- **Voluntary Uncommitted:** Voluntary Cost Sharing neither required by the sponsor, quantified nor offered in the proposal.

  - **Examples:**
    - Commitments solely made in the UCR internal documents (e.g., internal budgets, eCAF, etc.)
    - Additional time and effort of the faculty that arose during the performance of the project.

  - **NOT Required** to be documented, tracked, or reported.
UCR Policy 527-6

- Cost sharing commitments made in the proposal (i.e., budget, budget justification, the project narrative), whether mandatory or voluntary committed, must be documented, tracked and reported.
What can be provided as Cost Sharing?

- Project costs that are allowable and directly allocable under OMB A-21 and are allowable as a direct charge under the sponsors RFA/RFP/Solicitation.
  - Project costs to be cost shared must occur within the project period.
  - If PI effort cannot be directly charged to the project (per sponsor’s guidelines), then PI effort cannot be provided as cost sharing.
  - If a Federal sponsor limits the indirect cost rate to 10%, but allows for cost sharing of the foregone F&A in the solicitation or sponsor’s policy, then the foregone F&A (typically recovered under the institutions Federally Negotiated F&A Rate Agreement) may be provided as cost sharing.
*Examples of Cost Sharing*

- Faculty Salaries along with the applicable benefits
- Project specific supplies (not general purpose)
- Equipment (either donated or purchased, and proportionately allocated)
- Donated User Facility Costs (where the fee to utilize the facility under a re-charge is waived)
- Funds provided by another non-Federal sponsor that is directly related to the project (see Necessary Approvals).
- Applicable F&A rate associated with the direct costs being cost shared to the project.

*depending on the allowability of the sponsor*
Differences between Cost Sharing, Matching, & In Kind Contributions

• **Cost Sharing**: Funds allocated to a project or program that are internal to UCR. (i.e., faculty salary, startup funds, 19900 funds, etc.)

• **Matching**: Funds (in cash) allocated by a third party to a specific project or program.

• **In Kind Contributions**: Non-cash contributions by a third party to a specific project or program.
**Necessary Approvals: Cost Sharing**

- Funds are approved via the eCAF by the individual authorized to commit the funds. (i.e., faculty time and effort is approved by the dept. chair or dean, as appropriate).

  - When cost sharing is provided by another department/office, written approval from the individual to commit such funds should be uploaded into eCAF.
Necessary Approvals: Matching & In Kind Contributions

- An authorized official of the third party having the authority to commit the funds on the entity’s behalf.
  - The commitment must:
    - state a specific project or program at the University in which the funds are being contributed to;
    - Detail the match (cash) or in-kind (non-cash) contribution; and
    - must be provided in writing by either a letter/memo/email.
Cautionary Guidance

- Cost share only when it’s necessary.
- Be prepared to document, track, and report any and all cost sharing that is offered to the sponsor or risk losing agency funding.
- The funds committed must be verifiable through the University’s accounting records.
- Only cost share allowable and directly allocable costs that:
  - Qualify as allowable under applicable Federal cost principles as well as sponsors guidelines
  - Have not been offered as cost share to any other contract or grant (“double dipping”)
  - Will occur within the project period
Other References

- UCR Cost Sharing Policy 527-6 [http://or.ucr.edu/about/policies-ucr.aspx](http://or.ucr.edu/about/policies-ucr.aspx)
- Sponsored Programs Administration-Guidelines for Proposing Cost Sharing
- UC Contract and Grant Manual Chapter 5