Cost Share: What Is It and How Do We Monitor It

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Cost Share: What Is It

Cost-Sharing/Matching Costs

• Defined as the portion of the cost of a project not borne by the sponsoring agency

• Types of cost sharing:
  – **Mandatory**: Required by the sponsor as a condition of obtaining the award; stated in the program announcement or funding guidelines
  
  – **Voluntary Committed**: Represents resources offered by the university which are documented and quantified in the proposal; listed on the budget, but not required as part of the program announcement; should be discouraged as it becomes a binding commitment which the university must provide as part of the performance of the sponsored agreement; some sponsors, such as NSF, will not accept proposals including voluntary cost sharing.
• Types of cost sharing (cont.):
  
  - **Voluntary Uncommitted**: Effort for university faculty, including senior researchers, that is over and above that which is committed and budgeted for in a sponsored agreement; it is not part of the proposal budget; often is faculty academic year; should not be counted as cost sharing by auditors.

  - Most federal agencies only want to see cost-sharing if it is mandatory; it does not help the fundability of a project.
Cost Share: What Is It

What Can be Used to Meet Cost Sharing Obligations?

• Cash
• Third Party Contributions
• Unrecovered F&A costs (only if allowed by agency)
• Graduate Student Tuition Differential
• Established values for contributions of services and property
• Volunteer Services (if necessary and integral part of project)
• Other employee services (valued at regular rate of pay + fringe benefits)
• Donated supplies (must be reasonable and at fair market value)
Cost Share: What Is It

Cost Sharing Considerations

- Cash and third-party in-kind contributions must meet all of the following criteria:
  - Are verifiable from the recipient’s records
  - Cannot be used as cost sharing on other federal projects
  - Are necessary and reasonable for the accomplishment of project objectives
  - Are allowable under the cost principles
  - Are not paid by the Federal government under another award
  - Are provided for in the approved budget when required by Federal agency
  - Conform to other provisions of Uniform Guidance, as applicable
Cost Share: How To Monitor

Cost Sharing Monitoring Basics

• Cost share from **university sources** must be:
  
  – Approved by the college and/or university official prior to the proposal being submitted;
  – Recommitted to at award setup with the identification of a university chartfield string;
  – This cost share cfs must be used for all cost share expenses;
  – It is the responsibility of the PI and departmental/college research support staff to ensure that cost share expenses are identified and charged correctly;
  – Waived indirect and indirect costs on match are not assigned a CFS or recorded in PS. These are calculated monthly by post-award;
Cost Share: How To Monitor

Cost Sharing Monitoring Basics

• Cost share from **university sources** must be:
  
  – Cost share expenses are reviewed and recorded on monthly cost share reports by OSP post-award staff;
  – For the tuition differential cost share, the department should send a copy of the SGA-2G form to their Post-Award Specialist to be captured in the monthly cost share report;
  – These cost share reports are used by SCA for invoicing and financial reporting
Cost Share: How To Monitor

Cost Sharing Monitoring Basics

- Cost share from **third party sources** must be:
  - Identified and approved by the authorized official at the external organization prior to the proposal being submitted;
  - 3rd Party cost share must be documented using the university’s 3rd Party Cost Share form;
  - It is the responsibility of the university PI to collect and maintain these 3rd Party Cost Share forms and to make them available as necessary to fulfill sponsor requirements;
  - 3rd Party Cost Share forms should be sent by the PI/dept. to their post-award Specialist so it can be documented and included on the match report.
Cost Share: How To Monitor

Potential Issues Associated with Cost Sharing

• Unable to demonstrate to the funding agency that the cost sharing commitment has been fulfilled or is not tracked on a project-by-project basis.
• Cost sharing is not treated consistently with other project costs.
• F&A rate is overstated by not capturing cost sharing.
• Effort reports do not capture cost shared effort (both mandatory and voluntarily committed)
• The same cost sharing funds are used to meet the matching requirements on more than one project.
Questions?