

# 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.

**CAUTION**

## Cautionary Guidance

**CAUTION**

- 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>
- Sponsored Programs Administration-Guidelines for Proposing Cost Sharing  
<http://or.ucr.edu/spa/lifecycle/proposal-preparation-submission/proposing-cost-sharing.aspx>
- UC Contract and Grant Manual Chapter 5  
<http://www.ucop.edu/research-policy-analysis-coordination/resources-tools/contracts-and-grants-manual/chap05.pdf>
- OMB A-21 [http://www.whitehouse.gov/omb/circulars\\_a021\\_2004/](http://www.whitehouse.gov/omb/circulars_a021_2004/)