Cost Share Considerations

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Topics of discussion

- What is cost share?
- Three kinds of cost share
- Cost share monitoring
- Cost share mythology
- The impact of cost share of the indirect cost recovery rate
- What can be included in cost share
- Creative ways to cover mandatory cost share
- Burning questions....
What is cost share?

- Federal cost share is defined at 2 CFR 200.29
  - “Cost sharing or matching means the portion of project costs not paid by Federal funds…”
- Cost sharing is any expense for a sponsored award that is not covered by the sponsor.
Three kinds of cost share

- **Mandatory** - cost share required by the sponsor as a term or condition of the award.

- **Voluntary committed** - cost share that is quantified and volunteered at the time of application for the award that was not a mandatory requirement of the agency.

- **Voluntary uncommitted** - cost share that was not named in the proposal, but was incurred during the conduct of the project.
Cost share mythology

- Sponsors are more likely to give you funding if you cost share.
- Sponsors will NOT give you funding unless you show institutional support through cost share.
- Peer reviewers will get jealous if they see how much money you make.
Myth buster resource: 2 CFR 200.306(a)

- Under Federal research proposals, voluntary committed cost sharing is not expected.
- It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both
  - in accordance with Federal awarding agency regulations and
  - specified in a notice of funding opportunity.
- Criteria for considering voluntary committed cost sharing ... that may be used to determine who may receive a Federal award must be explicitly described in the notice of funding opportunity.
Cost share monitoring

- Committed cost share (mandatory or voluntary) must be monitored and accounted for.
  - Account set up for tracking?
  - Funded at the time of the award?
  - Reported to the agency?
- Uncommitted cost share does not have to be monitored or tracked.
  - Monitoring can have a negative impact on your indirect rate recovery
Voluntary Uncommitted Cost Sharing Guidance for IHE Faculty Effort


- There should be some level of effort on a Federal research award by the PI
- Some programs will not require effort, such as dissertations, student augmentation, equipment and instrumentation awards
- There may be voluntary uncommitted effort over and above the stated level which cannot be easily calculated and does not have to be precisely tracked.
- Voluntary uncommitted cost share is not included in the research base
Affect of cost share on indirect cost recovery rates

Numerator

$10M

Research allocations of:
Library, building depreciation, utilities, maintenance, general admin, department admin, sponsored programs administration

Denominator

=50%

Sponsored awards
University research
Cost sharing on sponsored awards

$20M

=$20M

Numerator

$10M

Research allocations of:
Library, building depreciation, utilities, maintenance, general admin, department admin, sponsored programs administration

Denominator

=50%

Sponsored awards
University research
Cost sharing on sponsored awards

$20M
Affect of cost share on indirect cost recovery rates

Research allocations of:
- Library
- Building depreciation
- Utilities
- Maintenance
- General admin
- Department admin
- Sponsored programs administration

Denominator
$30M

Cost sharing on sponsored awards (+$10M)

Numerator
$10M

= 33%
What can be included in cost share?

- Institutional cash
- Third party in kind contributions
- Allowable as either a direct or indirect cost
- Allocable
- Not paid by a Federal entity under another award, unless specifically allowed
- Forgone indirect costs IF allowed by the sponsor
- Has not already been cost shared under another project
- Provided for in the approved budget
Creative ways to cover cost share

- Unrecovered indirect
- Student or postdoctoral fellows
- Third party in-kind or cash
- Volunteer services provided by third parties
- Donated property/equipment from third parties
  - Must use fair market value of any nonmonetary contributions
  - Have some way to justify estimated values
- Others???
Burning questions???