

What is Cost Sharing?

Cost Sharing is defined as any project costs that are not funded by the sponsoring agency. It may be required by the funding agency as a condition of the award and therefore is referred to as *mandatory cost sharing*. Ordinarily, this requirement will be listed in the program announcement or the request for proposal (RFP). When mandatory cost sharing is included in an award, it will be listed in the Notice of Grant/Contract Award. When cost sharing is not required by the funding agency, but offered in the proposal, it is considered *voluntary cost sharing*. Cost sharing that is proposed voluntarily becomes mandatory once the award is made and will be tracked and documented by University Enterprises Corporation at CSUSB (UEC). All cost sharing committed must be approved by the University Provost, College Dean, and the department head that will be supplying the cost sharing, before a proposal is submitted to a granting agency.

Why is it so important?

Because of budget cuts on both the Federal and the State level, both of these agencies will be looking to the institutions to cover more of the cost of a project. There is one major **caution** to consider. The University discourages the practice of offering unnecessary cost sharing on a voluntary basis. University and UEC resources should only be committed in those instances where cost sharing is mandated by a sponsor or is necessary to make a proposal competitive. In all situations, the use of cost sharing should be kept to a reasonable level because of the burden that it places on University and UEC resources.

How does it impact your college and/or division?

Once again, budget cuts enter the picture. Because of the large budget cuts that the state is imposing on the University system, colleges may not have the funds to subsidize your program. If a faculty member receives assigned time to work on the project, that faculty member must be replaced in the classroom. Since this faculty member continues to receive a salary and the project is not reimbursing the college for the time, this constitutes an additional cost for the college. When the Dean signs the Project Information Form and there is any kind of cost sharing from his college on that form, he/she is committing to those costs.

Where does Cost Sharing come from?

Cost sharing is accomplished through project costs funded by CSUSB faculty salaries and fringe benefits, travel, equipment, supplies, or reduced indirect costs. Also by project costs funded by other grants or contracts, or by in kind contributions donated by third parties. In the case of a Federal project, cost sharing by other grants or contracts must be NON-FEDERAL money. Cost sharing commitments must be expressed in terms that can be readily translated into absolute dollar amounts. Unless waived by the terms of the project/program, federal cost principles require that cost sharing contributions meet all of the following criteria:

- Are verifiable from UEC/department/university records.
- Are not included as contributions for any other project/program.
- Are necessary and reasonable for proper and efficient accomplishment of project/program objectives.

- Are allowable under applicable cost principles.
- Are not paid by the federal government under another federal award.
- Are provided for in the approved budget or proposal.
- The total compensated effort for an individual using effort to meet cost sharing requirements cannot exceed 100%.
- The costs are incurred during the same time period as the award.

What are some terms used to refer to cost sharing?

- Contributed
- Matching
- In-kind
- Non-Federal funds
- Cash
- Assigned Time

Why is it necessary to track and document cost sharing?

Documentation and accounting for cost sharing is as important as documentation of direct costs charged to the award. All documentation on cost sharing is subject to audit in accordance with the funding agency policies. All cost sharing commitments whether mandatory or voluntary must be tracked and certified in order to remain in compliance with funding agency requirements. UEC must have in place accounting systems and controls to accurately track, value, and report on the status of all cost-sharing commitments. We must ensure that the cost share approved is allowable as defined by Federal requirements, and that cost sharing provided by sub recipients is adequately monitored.

Who is responsible for tracking and documenting cost sharing?

UEC's Sponsored Program Administration, in conjunction with the Project Director, is responsible for documenting and tracking of cost sharing. The Project Director will be the point of contact for UEC and will be called on to assist with obtaining various types of certification. The Dean and Chair have the responsibility to ensure that the college/department cost sharing commitments can and will be met.

How is cost sharing documented?

- Effort Reports – Used for contributed time.
- Letters of support, detailing what was provided and the value from on campus or third parties.
- Copies of paid invoices for specific items of cost sharing detailed in the budget.
- Equipment – the education discount must be taken into consideration when calculating value, cannot be used as cost sharing/matching on another project.
- Outside Partners – Effort reports or letters of support.

What are some challenges we face in tracking and documenting cost sharing?

- Project directors have never been asked for this information – You want what???
- Timeliness of documenting cost sharing
- More guidance and training needed
- Agreeing to cost sharing that was not expected to be tracked – if it is in the proposal we will have to track.
- There is a lack of clear policies among funding agencies
- There is a lack of clear policies to oversee and manage commitments
- No written policies – still in the works
- Inadequate grant accounting systems to track cost sharing or maintain supporting documentation.
- Overstatement and inaccurate valuation of cost sharing commitments.
- Tracking can be very time consuming

What is UEC doing to educate the campus and to stay in compliance with funding agency requirement?

- Grant Administrators being trained.
- Conducting workshops to train project directors and project staff.
- Notifying projects of what is needed when grant is first set up
- Writing policies and procedures

What can you do to help?

- Cooperate
- Ask questions
- Only promise what you can deliver – be realistic in your commitments
- Turn in documentation in a timely manner

Questions?

- Please contact your Research Administrator if you have any questions.