

# Cost Sharing

*Cost sharing or matching* means the portion of project costs not borne by the awarding agency, which are necessary for the completion of the scope.

## Types of Cost Sharing

1. Required or mandated by the sponsor as condition of award. This can be in the form of a specified dollar amount or a certain percentage of total costs.

Requirements for federal program announcements (*2 CFR 200 Appendix I, C.2*):

- Must state that cost sharing is required or explicitly state it is not required
- May be percentage or stated amount
- Include restrictions on specified items or activities or types of costs
- Required proposal cost sharing documents

2. Voluntary Committed. Not required as a condition of the award but specifically (*in a quantifiable manner*) and voluntarily pledged (*§200.99*).

- Neither expected nor considered during proposal merit reviews unless explicitly specified in notice of funding opportunity (*§200.306(a)*)
- Commitments usually found in budget and budget narrative/justification

3. Voluntary Uncommitted Cost Sharing (VUCS). Recorded in institution's accounting system but not included in the sponsored project proposal as either required or voluntary committed cost sharing (*§200.99*)

- NOT reported to sponsor
- OMB Uniform Guidance (*§200.306(k)*) incorporates OMB Memorandum M-01-06

**Note: Whether cost sharing is required by the sponsor or is offered by the PI voluntarily in the proposal, once an award is made, all cost sharing proposed becomes a commitment under the terms of the award and, as such, represents a binding obligation of the University.**

## Allowable Cost Sharing

Allowable cost sharing includes those costs that actually benefit the project, are eligible to be charged to the project, but are paid for by the University. As with costs directly charged to the sponsor, allowable cost sharing must be reasonable, allocable, and consistent with the terms of the award.

Cost sharing is eligible when all of the following criteria are met:

- Verifiable from University records
- Not included as contribution for any other federally assisted program
- Necessary and reasonable for proper and efficient accomplishment of the project or program objectives
- Allowable as a direct cost under applicable cost principles
- Not paid by another federal award (except as authorized by statute)

- Provided for in the approved budget when required by the federal awarding agency
- Conforms to other provisions in OMB Uniform Guidance or Circular A-110 as applicable

Examples of allowable cost sharing include:

- Salary/effort
- Equipment
- Unrecovered Indirect Costs (waived F&A), including indirect costs on cost sharing or matching with the prior approval of the sponsor

### Unallowable Cost Sharing

Costs that are not allowable to be charged to the sponsor are not allowable as cost sharing.

Examples of unallowable cost sharing include:

- Salary dollars above a regulatory cap - As an example, the NIH has a salary cap that limits the salary amount that may be awarded and charged to NIH grants and contracts. The University may pay an individual's salary amount in excess of the salary cap with departmental or discretionary funds. However, this differential cannot be used for cost sharing.
- Other federal awards – The PI may not utilize funds from one federal award as cost sharing on another federal award. When specifically allowed by the federal sponsor, the PI may utilize funds from non-federal awards as the source of cost sharing on federal awards when specifically allowed by both the non-federal and federal sponsor.
- Use of UMBC-owned equipment – Cost sharing of equipment in UMBC's current inventory is not allowed. The reason for this is twofold: (1) The sponsor is already paying for a portion of it through the F&A rate calculation; and (2) the equipment was not purchased for use on this project.
- University facilities such as laboratory space – The use of UMBC facilities is recovered from sponsors through the application of the F&A cost rate. Therefore, offering University space or facilities as cost sharing is not permitted as these costs are F&A, not direct costs.

### Using donated supplies, materials, and volunteer services

Third parties may contribute cost sharing to an award. Because this is not an expenditure made by UMBC, documentation that includes the value of the donated supplies, materials, and/or volunteer services from the third party should be provided.

### Committing Cost Sharing

UMBC's proposal routing form contains a question on whether cost sharing is included in the proposal.

IF "YES" the following will be required as part of the proposal package:

- Budget by categories of costs
- Sources of funding identified (cost share commitment form)
- Written commitments from third-party providers
- Basis for committed amounts
- Institutional approvals

OSP will review the proposal, budget and budget narrative for compliance, Agency requirements and Institutional policy/procedures.

### **Recording Cost Sharing**

**ALL** proposed mandatory and voluntary committed cost sharing must be recorded, tracked and reported, if awarded.

- Event Notification Sheets (ENS) will indicate cost sharing is required
  - OCGA will establish a fund 1114 companion chartstring to record cost share expenditures
- PIs/departments initiate expenditure documents to record cost sharing expenditures
- Subaward agreements include all cost sharing for commitments in proposal
  - Amount
  - Cost categories
  - Frequency and method for reporting
    - Example: on monthly invoices
- Supporting documents
  - Same as that for sponsor share
    - Examples: effort reporting; copies of invoices and purchase orders; travel statements
- Third-party providers
  - Subrecipient invoices/reports
  - Certifications from non-subrecipients and PI that commitments have been met
- Record retention
  - Same as that for all sponsored project records

### **Tracking Cost Sharing**

UMBC tracks recorded cost sharing vs. commitments to ensure commitments are met.

- At the time the 1114 fund chartstring is established, OCGA will initiate a journal entry to “fund” the cost share commitment based on the chartstring in the approved cost share commitment form.

Oversight activities during life of award

- Properly allocate expenses to the cost share project
  - Unrecovered F&A will always calculate
- Track third-party reported cost sharing
  - Follow up with providers to obtain needed reports

### **Reporting Cost Sharing**

OCGA will report cost sharing per award terms and conditions using the SF425, submitted invoices and special reports as required.

Examples:

- NIH: annual/final financial reports on eRA Commons
- NSF: annual cost sharing report on NSF Fastlane
- Pass-Thru Entity: monthly invoices