Cost Sharing

Office for Sponsored Research
What is Cost Sharing?

• The portion of total project or program costs (direct and indirect) not borne by the sponsor.
  – The University or a third party (such as a subcontractor or an unfunded collaborator) bears the cost
  – Normally in the form of a direct costs, e.g. salary, and unrecovered F&A associated with these direct costs
  – With sponsor approval, may take the form of F&A costs where reimbursement is waived or reduced
Cost Matching

• “Cost Sharing = “Cost Matching”
  – Terms can be (and often are) used interchangeably
  – However, the terms “cost matching” often refers to cost sharing agreements in which the amount of sponsor funding is based on an equal or proportionate commitment (e.g., 1:1) from the University.
Cost Sharing

- Appropriate Sources for Cash Funds
  - Gifts
  - Endowments
  - Unrestricted discretionary funds
- Common Types of In-Kind Cost Share
  - Faculty Effort
  - Unrecovered F&A
  - Graduate Student Fellowships
Positive Impacts of Cost Sharing

- Positive
  - Helps Northwestern be eligible for certain programs
  - Makes Northwestern more competitive for certain programs
  - Helps Northwestern allocate resources to areas of strategic national importance
Negative Impacts of Cost Sharing

• Negative
  – Financial
  – Administrative
  – Compliance
  – Investigator
  – F&A Rate Decrease
Institutional Position on Cost Share

- Northwestern only engages in cost sharing when it is in the best overall interest of the University
  - Mandated by sponsor solicitation or policy
  - Deemed appropriate in light of specific circumstances
Requesting Institutional (OR) Support

- Large-Scale, Interdisciplinary Proposals
  - DoD, DoE, NSF
  - NIH Program Project Grants or Center Grants (P Series)
- Instrumentation Proposals
  - NSF Major Research Instrumentation (MRI)
  - NIH Shared & High-End Instrumentation (S10/HEI)
- OR does not consider requests for “cap gap” cost sharing
Types of Cost Sharing

- Mandatory Cost Share (MCS)
- Voluntary Committed Cost Share (VCCS)
- Voluntary Uncommitted Cost Share (VUCS)
## Required Cost Share Fund Codes

<table>
<thead>
<tr>
<th>Type</th>
<th>Fund</th>
<th>Cost Share Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory Cost Share</td>
<td>191</td>
<td>Required by sponsors as a matter of statute, regulation or policy, or is indicated in individual solicitations</td>
</tr>
<tr>
<td>Over the Cap Commitment</td>
<td>192</td>
<td>Difference between actual salary and sponsor imposed salary cap (e.g. NIH)</td>
</tr>
<tr>
<td>Voluntary Committed Cost Share</td>
<td>193</td>
<td>Not required by the sponsor as a condition of award but provided at the proposal stage at the discretion of the institution.</td>
</tr>
</tbody>
</table>
Cost Sharing Requirements

- Verifiable from the recipient’s records
- Not included as contributions for any other Federally-assisted project or program*
- Necessary and reasonable*
- Allowable*
- Not paid by the Federal Government under another award*
- Provided for in the approved budget when required by the Federal awarding agency
Unacceptable Forms of Cost Sharing

• Costs funded by other sponsored projects

• Costs pledged as cost sharing for another funded project

• Unfunded salary for effort beyond the contractual appointment period*

• Costs reimbursed through the F&A rate*

• Salary dollars above the regulatory cap*

• Costs not deemed to be necessary and reasonable*
Cost Sharing Best Practices

• MCS, VCCS and Salary-over-the-cap cost must be tracked and reported in F&A proposals and Effort Certification

• Work with OSR to ensure the appropriate cost share chart strings are open upon award notification

• Fund the CS chartstring by a *non-sponsored source*
Accounting for Cost Sharing

- Ensures Northwestern can provide verification that MCS and VCCS obligations have been met
- Ensures proper classification of costs in F&A rate calculation*
- Provides valuable management information in the form of accurate financial accounting*
Questions?