There are many situations in which questions about cost sharing could be raised. Here are some examples:

1. If effort was expended but NOT committed or budgeted to the project
2. For incidental involvement in a project
3. Changing my level of effort
4. If my project's budget is cut
5. Students on training grants
6. Students on fellowship or gift support
7. Use of facilities and equipment
8. Handling Overdrafts
9. Cost sharing that does NOT have to be accounted for

1. If someone contributes effort which benefits a sponsored project, but the position was not in the proposal and is paid by gift or other non-sponsored funds, is the effort cost-sharing?

According to Stanford's policy, effort devoted to a sponsored project by Stanford employees which was not committed to the sponsor in the proposal is not accounted for as cost sharing.

Stanford and sponsors both expect that the PI will dedicate some amount of effort to his or her projects. It is not appropriate therefore for a faculty member to assume the PI's role if he or she does not expect to have the responsibility to lead the project. Whatever level of effort is committed by the PI in the proposal and subsequently awarded by the sponsor must be accounted for, either as a direct charge to the project or as cost sharing (or some combination of those two).

OMB Circular A-21, Section J.8.b(1)(c) however allows that it is sometimes difficult to specify how certain kinds of effort in an academic setting should be treated. The Circular says: "In the use of any methods for apportioning salaries, it is recognized that, in an academic setting, teaching, research, service, and administration are often inextricably intermingled. A precise assessment of factors that contribute to costs is not always feasible, nor is it expected. Reliance, therefore, is placed on estimates in which a degree of tolerance is appropriate."

Since it can be difficult, if not impossible, to identify ALL effort which may benefit a research project, Stanford policy requires only the tracking of COMMITTED EFFORT.

In January 2001, the Office of Management Budget issued a clarification of Circular A-21, confirming that voluntary uncommitted effort should NOT be accounted for separately and included in the organized research base for the calculation of indirect costs.
2. Must I account for cost sharing if I describe the involvement of a colleague "as needed" and do not include that as a direct project cost?

Incidental involvement on an "as needed" basis does NOT have to be accounted for as cost sharing. If the involvement is minimal and cannot be estimated, you do not need to include dollars as committed cost sharing or track them in a cost sharing account.

If your proposal had described the effort as "PART-TIME AT NO COST," the commitment is more definite. The amount of time expected to be contributed on a part-time basis needs to be estimated and the associated dollars should be recorded in the proposal budget as cost sharing.

3. If I commit effort and request a corresponding percentage of my salary on a project, and then rebudget my salary mid-year without reducing my effort, is this considered cost sharing?

Yes, because you are providing the effort that was committed in the proposal, and that effort must be matched either with a corresponding direct charge to the project or to a cost sharing account.

If, on the other hand, you wanted to reduce your level of effort on the project, you could so inform the sponsor and could then reduce the amount of salary being charged without having to set up a cost sharing account. If this is a federal grant, you will need to get prior approval of any reduction of more than 25% from the awarded level of effort.

4. If the total amount of a proposed budget is reduced by the sponsor when the award is received, is the difference cost sharing?

No, as long as the reduced award reflects a corresponding reduction in the scope of work. In some cases it may be prudent to prepare and submit a revised budget and scope document.

In this context, the distinction between a grant and a contract is relevant. A grant is used when the purpose is to accomplish a "public purpose," including carrying out research. This basic research may not result in a specific product, but rather will follow a general direction. In the case of a grant, a reduction in budget does not indicate an agreement to cost share.

In contrast to a grant, a contract is a procurement transaction between the sponsor and the recipient. In the case of a contract, the reduction in budget and scope must be clearly documented.

Here's a related question:

If a sponsor lines out the effort of a specific person in the awarded budget, for example, a 50% FTE Research Assistant, is that cost-sharing?

If the individual is removed from the project proposal and budget, then there is NO cost sharing. However, if the individual remains on the project as proposed, and is funded with other University funds, then it IS cost sharing.
5. Do we need to set up a cost sharing account for a faculty member who directs a student on an NIH training grant?

No, this is not a cost sharing commitment by the faculty member. These proposals should include the following statement:
The effort listed for each training faculty member reflects a commitment of their overall academic responsibility related to instruction and not a percentage of their sponsored research effort.

6. If a graduate student committed in a proposal devotes effort to a project and receives salary support from a gift or fellowship account, it is cost sharing? Is a distinction made if support is in the form of a stipend versus a salary?

If the student is being paid a stipend from another source, it should NOT be accounted for as cost sharing because stipends are paid to students for training rather than effort, and are not included in Stanford's Organized Research base. If the student has an appointment as a Research Assistant and is being paid a salary from another non-sponsored project source, it IS cost sharing. Salaries are paid for work performed, and are part of the Organized Research base.

7. If a proposal states that University equipment will be used to complete the project, do we have to account for this as cost sharing?

You may offer the use of existing facilities and equipment in the performance of a project, but should NOT categorize this as cost-sharing. Instead, use the following recommended wording in the proposal's budget justification or "resources and environment" section:
The facility/equipment is available for the performance of this project at no direct cost to the sponsor. If, however, you are proposing to purchase a NEW piece of special-purpose equipment as a direct project cost, you may offer all or part of that purchase amount as cost sharing. This would be recorded in a cost sharing account.

You may use a third-party in-kind contribution of equipment to meet a cost sharing commitment. To record this properly, your department will have to contact either the Procurement Department or University Property Administrator to verify the estimated fair market value, which must be reduced by any educational discount that might have been available to Stanford. In some cases an appraisal may be required.

8. Are cost overdrafts or overruns accounted for as cost sharing?

Yes, they are. Although overruns were not contemplated during proposal preparation, and were therefore not identified as cost sharing at that stage, they need to be ACCOUNTED FOR as cost sharing.

An overrun means that Stanford spent more to complete the objectives of a project than it originally anticipated, and has thus "overrun" the budget. These amounts must be accounted for in the same manner as committed cost sharing. The fact that cost overruns are unallowable costs increases our obligation to properly account for them.
The process to clear an overdraft to a cost sharing account, particularly in small-dollar (less than $500) situations, is simple and can be carried out by e-mail. You may be able to avoid an overdraft by moving costs off of a project account BEFORE the end of the project. If you anticipate an overdraft, and you can legitimately transfer the expense onto another research-related gift or sponsored account which ALSO benefited from the cost, you may do so without any cost sharing implications. However, such transfers must be documented clearly and completely; they will be carefully scrutinized. If there is no such account available, then the costs which related solely to a sponsored project, when transferred, must be moved to a cost sharing account.

9. What kinds of things can I use to meet a cost sharing requirement? Are there any that do NOT have to be tracked in cost sharing accounts?

Some costs are not captured in cost sharing accounts because they do not affect Stanford's Organized Research base, but they DO benefit the sponsor and may be offered to meet required cost sharing in most cases. These include:

- the difference between full tuition and that charged to a sponsored project
- the value of any waived indirect costs or fringe benefits
- the value of the indirect costs associated with any direct costs being cost shared.

While these are all examples of real costs being borne by Stanford, they are not part of our indirect cost calculation, and therefore do not need to be tracked in cost sharing accounts.