

# Cost sharing: Commitments, Compliance and Caveats

OSR & SERA SEMINAR SERIES

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# Cost sharing

## RPH 15.3 Cost sharing Policy

### DoResearch Cost sharing

The portion of total allowable, allocable, and reasonable costs of a sponsored project not paid by the sponsor. Also known as, the sponsored project costs (direct and indirect) that normally would be borne by the sponsor but instead are covered by the institution or third party.

### **Why not?**

- Adversely affects SU's indirect (F&A) rate
- Increases the requirements for auditable recordkeeping
- Reduces the flexibility of PIs to conduct other research when their effort and/or resources are pledged to specific projects

# Cost sharing

## Types

- Mandatory Committed
- Voluntary Committed
- Voluntary Uncommitted

# Cost sharing

## Mandatory Committed

Imposed by a sponsor as a condition of the award. It is quantified in the proposal budget and is legally binding.

A mandatory cost share requirement should always be somewhere in the proposal solicitation. However, it may not be obvious so it is critical to read through the entire program announcement (especially for non-federal sponsors) to identify any cost sharing requirements.

# Cost sharing

## Mandatory Committed

Example:

NSF Major Research Instrumentation Program: (MRI)

“Cost sharing of precisely 30% of the total project cost is required for Ph.D.-granting institutions of higher education and for non-degree-granting organizations.”

# Cost sharing

## Mandatory Committed

Example: USDA DE-FOA-0001637

### **Cost Share:**

Prime Recipient cost share must be at least 20% of the total allowable costs for research and development (R&D) projects, and 50% of the total allowable costs for demonstration and commercial application projects, and must come from non-Federal sources unless otherwise allowed by law. The sum of the Government share, including Federally Funded Research and Development Center (FFRDC) contractor costs if applicable, and the recipient share of allowable costs equals the total allowable cost of the project. (See Section 9008(e)(6)(B) of FSRIA (7

U.S.C. 8108(e)(6)(B)) for the applicable USDA-NIFA cost sharing requirements and 2 CFR Part 200 as amended by 2 CFR Part 910 for the applicable DOE-EERE cost sharing requirements. See Appendix C. for examples). These percentages are currently required by both USDA and DOE. DOE EERE requires Prime Recipients to contribute the cost share amount incrementally over the life of the award. Specifically, the Prime Recipient's cost share for each billing period must always reflect the overall cost share ratio negotiated by the parties (i.e., the total amount of cost sharing on each invoice when considered cumulatively with previous invoices must reflect, at a minimum, the cost sharing percentage negotiated).

# Cost sharing

## Mandatory Committed

### Example: National Archives – National Historical Publications & Records Commission

#### Cost Sharing

The total costs of a project are shared between the NHPRC and the applicant organization.

The Commission provides no more than 50 per cent of total direct project costs in the Publishing Historical Records in Documentary Editions category. NHPRC grant recipients are not permitted to use grant funds for indirect costs (as indicated in 2 CFR 2600.101).

Cost sharing is required. The applicant's financial contribution may include both direct and indirect expenses, in-kind contributions, non-Federal third-party contributions, and any income earned directly by the project. Indirect costs must be listed under the applicant's cost sharing contribution.

# Cost sharing

## Voluntary Committed

Not required by the sponsor. It is quantified anywhere in the proposal (even if inadvertently) and is legally binding. Typically advised against.

Some sponsors, most notably NSF, explicitly prohibit the inclusion of voluntary cost sharing in a proposal. If a proposal were submitted with voluntary cost sharing, it would be grounds for the proposal to be returned without review.



# Cost sharing

## Voluntary Committed

Example: National Endowments for the Humanities –  
Scholarly Editions and Translations Grants

### Cost sharing

Cost sharing consists of the cash contributions made to a project by the applicant, third parties, and other federal agencies, as well as third party in-kind contributions, such as donated services and goods. Cost sharing also includes gift money raised from nonfederal third parties to release federal matching funds. **Although cost sharing is not required, the Scholarly Editions and Translations program is rarely able to support the full costs of projects approved for funding. The balance of the costs is to be borne by the applicant's institution or other sources. Previously funded editions seeking further support should expect a progressively larger share of the costs to be assumed by the host institution or third parties.**

# Cost sharing

## Voluntary Uncommitted

Not required by the sponsor, NOT quantified anywhere in the proposal, NOT legally binding.

Research administrators should still be cognizant, even if not reporting to the sponsor, as this type of cost sharing can have significant impacts on faculty effort availability and non-sponsored account balances.

# Cost sharing

## Leveraging & Institutional Support

Some program announcements will require an applicant to describe the resources the applicant will be able to leverage and/or the institutional support that will be provided to the project at no cost to the sponsor. So long as these resources are not quantified anywhere in the proposal they are not considered cost sharing.

Non-quantified Institutional support should NOT be included in the budget or budget justification.

# Cost sharing

## Leveraging & Institutional Support

NSF specifically requests that applicants include institutional support information in the Facilities, Equipment and Other Resources section of the application. Per the [NSF Proposal & Award Policies & Procedures Guide](#), “The description should be narrative in nature and must not include any quantifiable financial information.”

Examples:

- The project will have full access to the University’s Super Duper Spectrometer of which there are only two in existence and which will provide data that could not be readily acquired elsewhere.
- The principal investigator will dedicate additional effort to the project, as needed, in order to complete the project goals as proposed.
- The project has the full support of the VP of Research who has agreed to provide the IT support necessary for the advance computing and data storage required of the project.

# Cost sharing

## Leveraging & Institutional Support

Example DoE DE-FOA-0001879

### B. COST SHARING

Cost sharing is not required.

A demonstration of institutional commitment to the proposed activity **is strongly encouraged** for all applications, especially for Track 1 and Track 3 applicants.

Examples of non-Federal contributions that may be considered as demonstrating institutional commitment include, but are not limited to, the following:

- The provision of space, facilities, equipment, or resources as no or reduced charge;
- The provision of release time for faculty;
- The provision of scholarship support for students; or
- The waiver of facilities and administrative costs, in whole or in part.

The institutional commitment is not to be documented on the application's budget: it is not a formal cost-sharing, but it must be described in the budget justification.

Institutional commitments may not include the following:

- Revenues or royalties from the prospective operation of an activity beyond the time considered in the award;
- Proceeds from the prospective sale of an asset of an activity; or
- Other Federal awards.

Reviewers will be asked to evaluate the degree of institutional commitment; for Track 1 and Track 3 applications, the demonstration of institutional commitment will be taken as evidence of the Stewardship customer's interest in the outcome. See Sections V.A.2 and V.B.2.

# Cost sharing

## Forms

- Cash
  - Expenses will be charged to a cost share PTA and tracked accordingly. Funds can be from...
    - Gift funds
    - Designated/special funds
    - Endowment income funds
    - Operating budgets (not allowed in School of Medicine)

# Cost sharing

## Forms

- In-Kind
  - A value can be determined, verified and justification but there is no cash transaction. The department will be responsible for documenting and tracking.
- Third Party
  - Cost share, whether cash or in-kind, provided by an entity other than Stanford. The department will be responsible for documenting and tracking.
- When using in-kind and/or third party personnel as cost sharing be mindful to quantify at the market rate of the work and not the market rate of the person i.e. if a company's CEO cost shares her effort as a post doc researcher her effort should be quantified at the post doc researcher rate and NOT at her CEO rate.

# Cost sharing

## Caveats

- Unless explicitly stated, one cannot meet a federal cost share requirement with another federal award i.e. no federal “double dipping”
- NSF prohibits voluntary cost sharing unless explicitly stated otherwise (very uncommon)
- It is possible, in certain instances, to meet a federal cost share requirement with a non-federal award. If considering this, consult with a subject matter expert at OSR, as there is a lot of which to be mindful.



# Cost sharing

## What you can cost share:

- Academic Year (AY) salary and benefits for faculty (SoM prohibits faculty cost sharing)\*
- SU contribution of tuition\*
- Foregone IDC (when sponsor allows it)\*
- Equipment – when required by the sponsor
- Supplies
- Travel
- Other allowable project expenses (including other personnel)

\* = cost neutral to the department

# Cost sharing

What you cannot cost share:

- Any expenses that are unallowable to the sponsor (e.g. alcohol, food, over the cap salary etc.)
- SoM faculty salary and benefits
- Stipends - not considered compensation for effort and are rarely accounted for as cost sharing
- Equipment already owned by SU
- Utilities (exceptions are possible, but are on a case by case basis and generally for large pieces of equipment which require dedicated above and beyond normal utility use)
- Stanford Facilities

# Cost sharing

## Proposals Including Committed Cost Sharing

- Even if the sponsor does not require it, recommend dept. always prepare and retain...
  1. sponsor budget & justification
  2. cost share budget & justification
  3. overall project budget & justification
- Cash commitments – secure in writing from relative PTA manager(s) and owner(s)
- In Kind commitments – secure in writing from relative provider(s) with supporting documentation

# Cost sharing

## Award Setup

- Cost share PTA attributes
  - Have the same project # as the sponsor award
  - Have an award that begins with a W
  - Have task(s) in the 700 series
- Funding
  - From gift, designated, endowment etc.
    - Encourage front funding
  - From Department/School Operating Budgets – Defer to specific school finance unit for school practice

# Cost sharing

## Award management

- Project POP vs. SU Fiscal Year
- Tracking OB encumbrances
- Spending Trends
  - Always review cost share spending in conjunction with main award spending
  - Subaward cost share monitoring
- After the Fact AY Effort Cost Sharing
- When Things Change
  - Communicate with the sponsor and seek prior approval as needed

# Cost sharing

## Reporting

- Responsible party – central or department?
- Frequency
- Format
- Submission method
- Degree of detail & backup
- Explaining institutional idiosyncrasies
  - E.g. How/when SU charges tuition

# Cost sharing

## Close-out

- Review cost share PTA(s) in conjunction with sponsor PTA(s)
- Final Sponsor Reporting
- Overdraft “cost sharing”

**Questions?**





## We're All In This Together!

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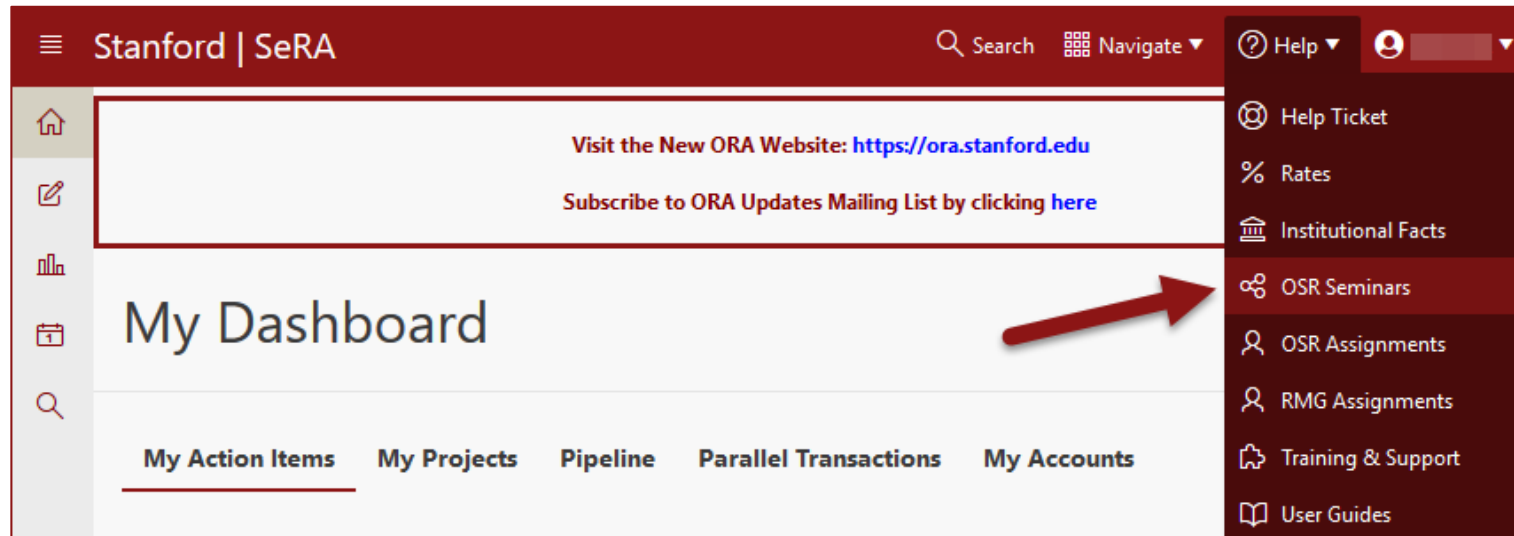
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