COST SHARING

A **Cost Share** is any quantified costs of an award not paid by the sponsor, such as those paid by the department, school/college or an outside entity *(third party)*. ***Go beyond the Basics: Visit the Cost Share Guide for Administrators.***

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M — **MANDATORY** cost share occurs when specifically required by the sponsor as condition of accepting the award.

V — **VOLUNTARY** cost share occurs when the Institution willingly commits to providing quantified resources to complete the award objectives.

WHAT IS USED AS TYPICAL COST SHARE?

Employee Salary and Fringe:
faculty & non-faculty effort

University Non-Salary (OTPS):
tuition, materials & supplies, travel

Unrecovered F&A:
difference between federally approved rate and actual F&A recovered on the award

Third Party:
- in-kind effort or services
- donated resources and equipment

DOCUMENTING COSTS

Documentation standards are the same as the direct costs on the award *(paid invoices, receipts, time and attendance records)*. Consider the documentation challenges below:

COST SHARE EXPENSE	AUDIT RISK LEVEL (Low → High)
Unrecovered F&A	2
Employee Salary and Fringe	3

**Salary, fringe and F&A expenses are easily automated into the business system which is less labor intensive and mitgates risk.*

COST SHARE EXPENSE	AUDIT RISK LEVEL (Low → High)
University Non-Salary (OTPS)	6
Third Party	9

**University and Third Party expenditure records exist on separate systems which requires more effort to obtain and increases risk.*

DECISION ON COST SHARE

You cost share when it is **MANDATORY**

VOLUNTARY cost share **should <u>not</u>** be offered to sponsors. Some sponsors specifically prohibit Cost Share, others explicitly state that it does not enhance the competitiveness of a sponsored research proposal.

COST SHARE IMPACT

Administrative Burden: Cost share commitments increases both time and effort of faculty and support staff on nonresearch work. Cost share must be monitored, reviewed and reported as if they were direct costs on the award. *Limits time available for future proposal develpopment, research, and mentoring students.*

Opportunity Cost: This is the value of the next BEST thing you would give up whenever you decide to spend limited resources on cost share. *Impacts department/school's ability to support their research with state funds in the future.*

Audit: Cost share commitments, whether it is mandatory or voluntary, represents a required condition of accepting sponsored funds. Audit risk increases since cost share expenditures are to be documented in the same manner as direct costs. *Risk of the campus as a future applicant if it receives poor audits.*

Institutional Risk: Cost share creates liability to the University if commitments are not met. *Sponsor paybacks could come from PI or other department discretionary accounts.*