

COST SHARING (MATCHING)

**Farin Kamangar, MD, PhD
Morgan State University**

OUTLINE

- **Definition**
- **Types of cost share and their requirements**
- **Allowability of resources for cost sharing**
- **Important notes**
- **Capturing cost share**
- **Summary**

WHAT IS COST SHARING?

- Putting some skin in the game
- Often, the entire project cost, including the direct and indirect (F&A) costs, are paid by the funding agency.
- However, sometimes the funding agency is asking a portion of the costs be paid by other entities, typically the institution or another sponsor. This is called cost sharing.
- Cost sharing is also called:
 - Matching
 - Cost matching
 - Cost participation
 - ...

TYPES OF COST SHARING

- **Mandatory**
 - Required by the FOA
- **Voluntary Committed**
 - Not required by the FOA but we commit ourselves to bear some of the costs
- **Voluntary Uncommitted**
 - Not required, and we do not commit ourselves, but we may bear some of the costs

TYPES OF COST SHARING (IMPLICATIONS)

■ **Mandatory**

- **Make sure that the funds are available.**
- **Accounting and keeping documents are required.**
- **Reporting is sometimes required.**

■ **Voluntary Committed**

- **Make sure that the funds are available.**
- **Accounting and keeping documents are required.**
- **Reporting is sometimes required.**

■ **Voluntary Uncommitted**

- **Accounting, reporting, and keeping documents are not required.**

ALLOWABLE RESOURCES FOR COST SHARE

- **Cash contributions**
 - University funds
 - Foundation
 - Third-party contributions
- **Time and effort of faculty members and students**
 - This is also considered cash
- **In-kind contributions**
 - Equipment
 - Space
 - Volunteer work

IMPORTANT NOTES (1)

- **Morgan strongly discourages voluntary committed cost sharing. If the sponsor does not require it, don't do it.**
- **Good news: Under federal guidelines, voluntary committed cost sharing cannot be used as a merit to fund grants.**
- **If third party funds are used for matching, documenting their approval is needed.**
- **If release time is used for matching, approval from the chair and dean is required.**
- **If there is a salary cap by the funding agency, salary above that CANNOT be considered as cost share.**

IMPORTANT NOTES (2)

- **Equipment and supplies purchased using federal funds CANNOT be used as match for other federal funds.**
- **If equipment or space is used, a clear pricing, documentation, and accounting is needed.**
- **If equipment or space is used, consistency of application across grants matters. Also, this may be difficult to justify if indirect costs are applied.**
- **If volunteer time is used, a clear pricing, documentation, and accounting is needed.**

IMPORTANT NOTES (3)

- **Providing unallowable items (eg, alcoholic drinks) or items and services that are not directly allocable to the project are NOT considered cost sharing. Effort must clearly be related to the project.**
- **Indirect cost waiver is OFTEN NOT acceptable as cost share because indirect costs are not allocable to a certain project. However, some funding agencies accept it. If not specified in the FOA, ask and document.**
- **If cost share is provided by a subcontractor, both the subcontractor and the PI must retain documentation.**

CODE OF FEDERAL REGULATIONS (2 CFR 200.306)

- **All contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria.**
 - **a. Are verifiable from the recipient's records.**
 - **b. Are not included as contributions for any other federally-assisted project or program.**
 - **c. Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.**
 - **d. Are allowable under the applicable cost principles.**
 - **e. Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.**
 - **f. Are provided for in the approved budget when required by the Federal awarding agency.**
 - **g. Conform to other provisions of this Circular, as applicable.**

CAPTURING COST SHARE

- **When Restricted Funds Accounting (RFA) initiates a new sponsored research grant code they will also initiate the establishment of a cost sharing activity code.**
- **The department administrators will then create the journal voucher necessary to designate the cost sharing funds with the respective activity code. The Office of Restricted Funds Accounting and the Principal Investigators are responsible for monitoring cost sharing activity.**
- **Unpaid effort must be certified. Only 5% or more.**

SUMMARY

- **Cost sharing is a commitment that is subject to audit. Avoid it as much as possible.**
- **When we definitely want to apply for projects that require mandatory cost sharing, we should preferably choose one of the following:**
 - **Third party funds**
 - **Release time**
 - **Cash**
- **A clear documentation and accounting of the cost share is required.**