Sponsored Research: Cost Sharing
What is Cost Sharing?

The portion of total project or program costs (direct and indirect) not born 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 direct costs (e.g. salary) or with sponsor approval, may take the form of F&A costs where reimbursement is waived or reduced

Common Types of In-Kind Cost Share

- Faculty Effort
- Unrecovered F&A
- Graduate Student Fellowships

Appropriate Sources for Cash Funds

- Gifts
- Endowments
- Unrestricted discretionary funds
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
Types of Cost Sharing

- Mandatory Cost Share (MCS)
- Voluntary Committed Cost Share (VCCS)
- Voluntary Uncommitted Cost Share (VUCS)
Pro / Con 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

– 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 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)

Central Administration does not consider requests for “cap gap” cost sharing
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
# Required Cost Share Fund Codes

<table>
<thead>
<tr>
<th>Type</th>
<th>Fund</th>
<th>Cost Share Definition</th>
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</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>
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<td>Over the Cap Commitment</td>
<td>192</td>
<td>Difference between actual salary and sponsor imposed salary cap (e.g. NIH)</td>
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<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>
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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 (i.e. MCS and VCCS must be included in the base)

• Provides valuable management information in the form of accurate financial accounting (i.e. the reporting of full research costs)
Cost Sharing Timing & Best Practices

• **Start very early:** It takes a while to process cost share requests

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

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

• Fund the CS chartstring by a *non-sponsored source*

• For more info, visit Sponsored Research website cost sharing page: [https://osr.northwestern.edu/proposals/costsharing](https://osr.northwestern.edu/proposals/costsharing)
Questions?