



March 19, 2020

APPENDIX – ADDITIONAL DETAILED INFORMATION

COST SHARING FAQS

WHAT IS COST SHARING?

Cost sharing is the portion of the total project costs not paid for by the sponsor but rather is covered by UNM SOE and/or third parties.

WHO IS ELIGIBLE TO REQUEST COST SHARING?

Cost sharing is generally provided to support only tenure-track SOE faculty. Requests from Research faculty, Research staff, and Lecturers will be entertained on a case-by-case basis under exceptional conditions.

IS COST SHARING THE SAME AS MATCHING COSTS?

The terms cost sharing and matching costs are often used interchangeably. UNM SOE defines both cost sharing and matching costs as project costs supported by funding sources other than the sponsor.

WHAT IS THE DIFFERENCE BETWEEN IN-KIND AND CASH CONTRIBUTIONS?

In-kind contributions refer to resources UNM SOE already have available, such as existing I&G-funded faculty and staff time/effort which can be devoted specifically to the project. Cash contributions, on the other hand, are new expenditures UNM SOE would make in support of the project. Examples of cash contributions would be travel or graduate student support funded from local accounts within SOE.

IS COST SHARING REQUIRED IN ALL PROPOSALS?

As described in Memoranda 01-06 – Clarification of the Office of Management and Budget (OMB) A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs, there are three forms of cost sharing:

- mandatory
- voluntary committed
- voluntary uncommitted

Cost sharing may be required by the sponsor as an eligibility criterion of the award (mandatory cost sharing) or it may be offered by UNM SOE (voluntarily committed – this is discouraged). Mandatory and voluntary committed cost sharing becomes an obligation once an award is made. Federal regulations require that Mandatory or Voluntary Committed Cost Sharing be treated consistently and uniformly in documenting, accounting, and reporting. They should comply with UNM's Federally approved cost accounting practices (UNM Policy 2400) and be reflected in the University's Time & Effort Certification. The expenses associated with cost sharing or matching contributions must be allowable in accordance with the OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance) and/or University and sponsor policies.

WHAT IS UNM SOE'S POLICY REGARDING COST SHARING?

UNM SOE recommends sponsored project costs to be funded, to the maximum extent possible, by external resources. By minimizing cost sharing where not necessary, UNM SOE:

- is able to make more money available to fund cost sharing where it is required to be a viable proposal;
- reduces the time faculty and administrators must spend on tracking and documenting cost sharing;
- lessens the UNM's exposure to audit findings caused by insufficient or improperly documented cost sharing; and
- curtails impacts on UNM's facilities and administrative (F&A) rates.

UNM SOE's decision to authorize the use of internal resources to supplement funding of a sponsored project is based on the availability of funds and the relevance of the project in furthering the mission and goals of UNM's SOE. Priority for cost sharing requests is given to junior (tenure-track) faculty.



ENGINEERING

March 19, 2020

WHAT IS UNM SOE'S PHILOSOPHY REGARDING COST SHARING?

Investments made in research should support both the strategic goals of the units involved and the university as a whole. For those projects which support these goals, and which have a justifiable need for cost sharing, the guiding principle in making cost sharing commitments is that each contributing party should be able to cover the cost sharing from its portion of the F&A return.

WHAT REQUIREMENTS MUST BE MET IN ORDER TO OFFER COST SHARING?

If the answers to the following questions are no, then the proposal should be submitted without cost sharing. If the answer to any of the questions is yes, cost sharing may be justifiable.

- is cost sharing required by statute?
- is cost sharing required by the sponsor's published program announcement, solicitation, or bylaws?
- does the sponsor explicitly cite in its published charter or program description that cost sharing is expected and will be used as a proposal review criterion?

DOESN'T COST SHARING INCREASE MY CHANCES FOR FUNDING?

Proposals are generally only impacted when cost sharing is required or where the request for proposal or funding announcement states that cost sharing is a review criterion. Some sponsors, such as NSF, have now gone so far as to prohibit cost sharing unless specifically required by a solicitation.

WHY IS VOLUNTARY COST SHARING DISCOURAGED?

All proposed cost sharing, whether mandatory or voluntary, becomes a binding commitment to the sponsor. It must be carefully tracked by the financial lead units and reported to the UNM Office of Sponsored Research (OSP) in a timely manner. In the event that the unit does not meet its cost sharing commitments, the sponsor may have the right to reduce or rescind its award to UNM. Units become responsible for any expenditures disallowed by the sponsor.

ARE EXPENSES USED FOR COST SHARING AUDITABLE?

Yes, they are auditable. In the event that any of the costs are disallowed, the PI/Unit is responsible for reimbursing UNM for the costs.

WHAT COSTS CAN BE COST SHARED?

- contributed effort
- unrecovered F&A
- other direct project costs
- third party cash and/or donated goods and services

WHAT DETERMINES IF A COST SHARING EXPENSE IS ELIGIBLE FOR INCLUSION?

All of the following criteria must be met to qualify as cost sharing:

- able to be documented from UNM SOE and/or third party records
- funds to be used are not already committed to another sponsored project
- not paid by a federal award (except as authorized by statute)
- necessary and reasonable to accomplish the project
- allowable under 2 CFR 200 (Uniform Guidance) or other sponsor regulations. Considerations include:
 - timing – only costs incurred during the period of performance of the project receiving the cost sharing can be included in the valuation
 - sponsor expense approval requirements – any costs which would require sponsor approval if charged directly to the project receiving cost sharing also need sponsor approval to be cost shared
 - allocability – Since the expense benefits two projects, the cost must be reasonably allocated between them



ENGINEERING

March 19, 2020

- provided for in the approved budget when required by sponsor of the project receiving the cost sharing. The sponsor receiving the cost sharing may restrict cost sharing by expense category and require their prior approval to re-budget categories.

CAN OTHER NON-FEDERAL PROJECTS BE USED AS COST SHARING?

This form of cost sharing should rarely be used because most projects are funded based on a specific scope of work. However, it is possible for two awards to have interrelated scopes of work and, therefore, be used as cost sharing.

WHAT REQUIREMENTS MUST BE MET TO USE A NON FEDERAL PROJECT AS COST SHARING?

In every case, the following items will be required:

- the award notice for the project providing cost sharing may not contain language that prohibits the use of its grant funds as cost sharing
- the proposals and scopes of works must clearly indicate the projects are interrelated

THE SPONSOR DOESN'T ALLOW SALARY OR TRAVEL, CAN THEY BE USED AS COST SHARING?

No. Only those direct costs that are allowable charges to the sponsor are allowable as cost sharing unless otherwise stated in the funding announcement.

CAN SUBCONTRACTORS PROVIDE COST SHARING FOR A PROJECT ON WHICH UNM SOE IS THE LEAD?

Yes. However, if a subcontract offers cost sharing in their proposal, they are bound by that commitment and must provide UNM SOE documentation of the expenses.

ARE UNM FOUNDATION FUNDS ABLE TO BE COST SHARED?

Yes. They should be listed as third party contributors.

CAN FACILITIES AND ADMINISTRATIVE COSTS BE USED AS COST SHARING?

When UNM SOE receives less facilities and administrative (F&A) costs than its full federally negotiated rate, it is said to have foregone or unrecovered F&A costs. These unrecovered costs may be shown as cost sharing providing the sponsor does not prohibit it.

WHICH COSTS ARE RECOMMENDED FOR COST SHARING?

UNM SOE suggests that state-funded faculty/staff time and effort be used in the majority of cases. Cost shared effort, reported through UNM's effort reporting system, is accepted by most sponsors and frequently used. It is the easiest type of cost sharing to track.

WHICH COSTS ARE NOT RECOMMENDED FOR COST SHARING?

The most difficult costs to document are third party contributions.

WHICH COSTS CANNOT BE USED FOR COST SHARING?

Infrastructure costs such as laboratory space or existing equipment cannot be cost shared. PIs should take care in preparing proposals not to commit the use of facilities as cost sharing, but rather to characterize the facilities as "infrastructure available for the performance of the sponsored project."

HOW IS INFRASTRUCTURE SUPPORT DIFFERENT FROM COST SHARING?

Infrastructure: Resources available to conduct research, in general, which cannot be represented to sponsors other than perhaps in very general and non-monetary terms	Cost Sharing: Resources dedicated to the conduct of a specific project which are identified in the proposal and which attach a specific dollar value
May be used for multiple projects simultaneously	Can be reasonably allocated the specific project proposed



ENGINEERING

March 19, 2020

Not legally binding	Legally binding
Extensive documentation not required	Extensive documentation required
Is not reported to the sponsor	Must be reported to the sponsor
Does not result in a loss of funding	Can result in a loss of funding for failure to meet the promised commitment
Is not generally audited	Is a key component in all external audits of UNM

WHERE SHOULD COST SHARING BE DESCRIBED IN THE PROPOSAL?

Cost sharing should only be described and quantified in the budget justification, unless otherwise specified by the funding announcement.

WHERE SHOULD COST SHARING NOT BE DESCRIBED?

Cost sharing should not be discussed in the technical narrative or the facilities and resources statement.