

# COST SHARE GUIDANCE

Office of Research Administration (ORA)

*August 2018*

## Table of Contents

<b>Cost Share Definition</b> .....	1
<b>Types of Cost Share</b> .....	1
<b>Types of Cost Share Contributions</b> .....	1
<b>Cost Share Requirements</b> .....	2
<b>Where is Cost Share Outlined?</b> .....	2
<b>How Much Cost Share is Needed?</b> .....	2
<b>How is Cost Share Calculated?</b> .....	2
<b>Examples of Cost Share</b> .....	2
Academic Year (AY) Effort.....	2
Indirect Costs .....	3
Donated Equipment.....	3
Donated Supplies and other Direct Costs .....	3
<b>Mines Cash Sources</b> .....	3
<b>Third-Party Cost Share</b> .....	3
• Cash -.....	3
• Equipment Use -.....	3
• Services - .....	3
• Field Site Access - .....	3
• Software and Data - .....	3
<b>Cost Share Monitoring</b> .....	4
<b>What if Mines Can't Meet our Cost Share Obligations?</b> .....	4
<b>Common Scenarios</b> .....	5
1. Budgeting Graduate Research Assistant (GRA) tuition and stipend.....	5
2. Charging lab time .....	5
3. Cost share falls short.....	5
4. Utilizing effort from Postdocs, GRAs, or undergraduate students .....	5
5. Applying the overhead rate .....	5
6. Using Consortium funds.....	6

### Cost Share Definition

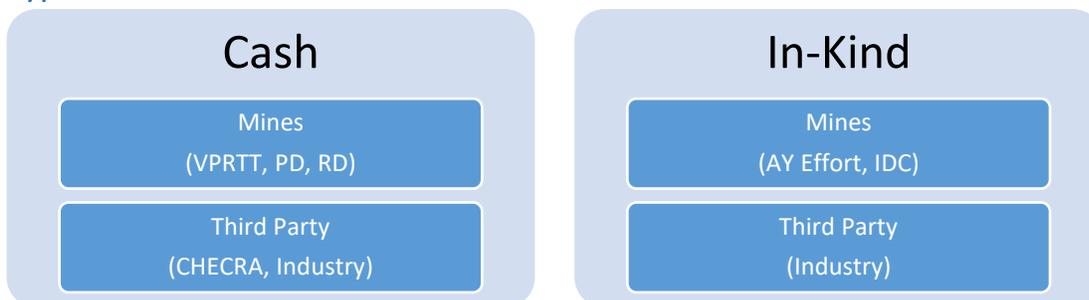
Cost Sharing or matching means the portion of project costs not paid by the project Sponsor but instead paid using another resource.



### Types of Cost Share

Mandatory Committed	Voluntary Committed	Voluntary Uncommitted
<ul style="list-style-type: none"> <li>- Required by the Sponsor</li> <li>- Costs are documented in the proposed budgets</li> <li>- Explicitly referenced in the award documents once funded</li> <li>- Must be tracked, documented and reported</li> </ul>	<ul style="list-style-type: none"> <li>- Not required by the sponsor and cannot be used as an evaluation factor</li> <li>- Costs are documented in the proposed budgets</li> <li>- If proposal is awarded, cost share is now mandatory!</li> <li>- Must be tracked, documented and reported.</li> </ul>	<ul style="list-style-type: none"> <li>- Not required</li> <li>- Not documented in the proposed budgets</li> <li>- Not referenced in the award document</li> <li>- Not formally tracked, documented or reported</li> </ul>
<b>Quantified</b>	<b>Quantified</b>	<b>Non-Quantified</b>

### Types of Cost Share Contributions



## Cost Share Requirements

In order to be considered cost share, costs must meet ALL of the following criteria:

- Verifiable in accounting systems
- Are not another sponsored project (for Mines this means no 4xxxxxx funds)
- Are not counted as cost share for any other award
- Are necessary and reasonable for the accomplishment of the project (i.e. if you wouldn't have bought it using project funds, it can't be used as cost share)
- Are allowable costs per the Uniform Guidance (federal projects) or award Terms and Conditions (non-federal projects)
- Are not Federal Funds unless explicitly approved by the Federal Contract Officer of the funds being used for cost share
- Are included in approved budget

## Where is Cost Share Outlined?

The solicitation outlines cost share requirements and restrictions. If the proposal does not require cost share it is Mines' procedure to not include cost share.

## How Much Cost Share is Needed?

Mines will only commit to the required cost share amounts specified in the solicitation or Request for Proposal (RFP). If the solicitation calls for 10%, then only 10% of the total project cost will be applied for cost share and anything above the minimum, 10.1% for example, is not allowed.

## How is Cost Share Calculated?

The percent of cost share required is calculated using the Total Project Cost (TPC). The TPC is the total funds requested from the sponsor plus committed cost share.

If the sponsor funds requested are \$750,000, then 20% cost share is calculated as:  
 $((\$750,000 / .8) - \$750,000) = \$187,500$ .

$\$750,000$  (request) +  $\$187,500$  (20% cost share) =  $\$937,500$  (TPC)

## Examples of Cost Share

### Academic Year (AY) Effort

A specific percentage of effort can be dedicated to the project as cost share. ORA can calculate salary & fringe costs

- AY can be used; Summer and winter effort cannot be used
- Effort must be based on actual salary
- Fringe are applied at same rates as federal request

### Indirect Costs

IDC can be used as cost share using the negotiated rate

### Donated Equipment

- Value on the Equipment must be based on fair market value
- Must be tagged as a cost share donation by the Controller's Office
- Cannot be used as cost share for other federal projects
- Previously purchased equipment cannot be used as cost share for an individual – Mines already owns this equipment

### Donated Supplies and other Direct Costs

- Value on supplies must be based on fair market value
- Cannot be used as cost share for other federal projects
- Must include a letter from donor outlining item(s) and value
- Equipment Fees are not in-kind cost share – Equipment use is an auxiliary enterprise that requires cash to cover the costs

### Mines Cash Sources

- Cash can come from many places: PI's PD/RD account, Department, College Dean, VPRTT
- Mines gift funds can be used if prior approval comes from the Mines Foundation
- Cash must be broken out in the budget as to how it will be spent
- IDC is not charged to Mines cash contributions
- Cannot commit a project's future overhead return as cash
- All cash dedicated to an award will be reallocated at setup as a separate cost share account (49xxxx)

### Third-Party Cost Share

If cost share is mandated in the solicitation, the requirement is passed on to the subrecipient, industry partners, consultants, etc.

- Cash - A third party can contribute cash towards a project
- Equipment Use - Mines will need to determine fair market value cost of the item
- Services - The salary rate/day of an individual can be counted, however, the rates must be justified and applied equally for similar services
- Field Site Access - This is often pieced together by pricing individual costs. These costs can include transportation to site, third party employee time, and/or equipment use.
- Software and Data - Software and Data can be used as cost share but must have published or verifiable rates

Third Party cost share contributions must be documented with letters of commitment prior to the proposal being submitted. Further documentation may be required by the sponsor.

### Cost Share Monitoring

ORA monitors cost share monthly. We set up cost share agreements with third parties, set-up cash accounts, verify in-kind contributions and obligations to ensure compliance with Sponsor requirements.

### What if Mines Can't Meet our Cost Share Obligations?

ORA understands that projects evolve and unforeseen circumstances do arise, if a PI needs to adjust cost share contributions or rebudget cost share, please contact ORA. We can work with the PI and the sponsor to ensure that the project can continue while cost share is being modified.

If cost share issues are left unaddressed, Sponsors have taken the following actions:

- Corrective Actions Plans
- Stop Work Orders
- Denied Invoices
- Project Termination

## Common Scenarios

### 1. Budgeting Graduate Research Assistant (GRA) tuition and stipend

If a faculty member is requesting a GRA on their research project, both stipend and tuition need to be applied to the federal and cost share request in equal percentages. For example, if the federal request includes 80% tuition then the stipend request must also be applied at 80%. The cost share request would be for stipend and tuition at 20% which would equate to one full GRA.

It is not possible for a PI to apply cost share for stipend or tuition only, these must be shown together.

### 2. Charging lab time

Lab time is a real cost based on published rates and it is not possible to “waive” these expenses. If a PI is going to show lab time as cost share they must come up with the funds to cover these costs.

For example, if Mines established rate is \$50/hour and a PI wants to use 100 hours on the equipment, the \$5,000 would need to come from the PIs Research or Professional Development account or another account on campus willing to provide these funds.

### 3. Cost share falls short

ORA suggests working on cost share early in the proposal preparation stage to avoid any last minute difficulties. Even then, cost share can go awry. Potential resources at Mines include using your Professional Development or Research Development funds and/or asking your Department Head or College Dean.

3<sup>rd</sup> party cost share is also an option – do you know an industry partner or consultant who would be willing to support the proposal by providing cash or in kind cost share?

### 4. Utilizing effort from Postdocs, GRAs, or undergraduate students

Postdocs, GRAs or undergraduates are not able to volunteer their time on a project to support cost share requirements. As employees of Mines, they are paid for the work they are doing and cannot ‘volunteer’ their effort.

### 5. Applying the overhead rate

The overhead rate applied to cost share must match the overhead applied on the federal request. If the federal request is 26%, then the cost share overhead applied will also be 26%.

It is not allowable to cost share a higher overhead rate nor is it allowable to cost share the difference between the on-campus or off-campus rates.

#### 6. Using Consortium funds

It is not allowable to use other sponsored programs to cost share. Cost share cannot come from a 4XXXXX account – this includes consortia, federal, industry, or state funding