



Sept 2023

# Cost Share



# Agenda:

- Definitions
- Regulatory Requirements
- Types of Cost Share
- Cost Share Facts
- What CAN and CANNOT be Cost Shared
- VU Policy and Procedure Overview
- Lifecycle
- Cost Share Setup
- Scenario Questions
- Questions??
- Appendix

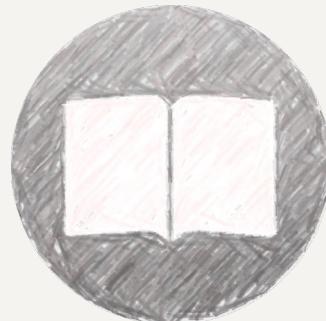
*The objective is to understand the types of cost share and what they mean in practice, including what costs can be used to fulfill cost share requirements.*

*This is specifically highlighting Uniform Guidance and VU Policy, not school policy.*

### *Definitions*

**Uniform Guidance definition** – Per 2 CFR 200.29, cost sharing or matching means the portion of project costs not paid by Federal funds or contributions (unless otherwise authorized by Federal statute).

**Vanderbilt's definition** - Cost sharing represents the portion of total award costs of a sponsored agreement borne by the University, rather than by the sponsor.





**CFR 200.306 Defines Cost Sharing as**

- verifiable from the organization's records
- not included as contributions for any other federal award
- necessary and reasonable for the accomplishment of the project or program objectives
- are allowable under Subpart E Cost Principles
- are incurred during the effective dates of the federal award
- not paid from another federal award
- included in the approved budget when required by the Federal awarding agency

**CFR 200.403 Factors affecting allowability of costs**

- Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- Be determined in accordance with generally accepted accounting principles (GAAP)
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period.
- Be adequately documented.
- Cost must be incurred during the approved budget period



## Mandatory

- **Required** per agency terms and regulations
- **Specified in a notice** of funding opportunity (2 CFR Appendix I to Part 200)
- Must be included and **quantified in the proposal**
- Must be **tracked** and **reported** to the sponsor.
- May be a certain **percentage, amount**, or may be in the **form of contributions** of specified items or activities (e.g., provision of equipment).
- May be referred to as
  - **Matching**
  - **Cash**
  - **In-kind**



### Voluntary

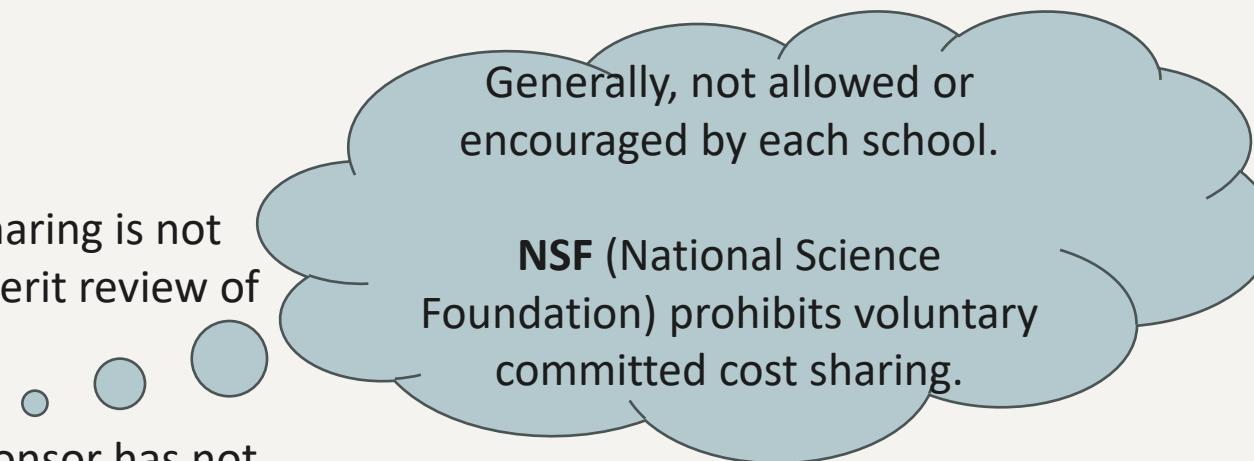
- **Is not a requirement** of the funding opportunity.
- Under Federal proposals, voluntary committed cost sharing is not expected and cannot be used as a factor during the merit review of applications or proposals.

#### Voluntary Committed:

- Proposal **quantifies** VU resources offered when the sponsor has not included cost share as an eligibility requirement
- **If the proposal is accepted** by the sponsor, the proposed cost share is then **considered mandatory** and **must be documented and tracked** for reporting purposes.
- **Committed and budgeted** for in a sponsored agreement.

#### Voluntary Un-Committed:

- **Not required** by sponsor and **not quantifiable** in proposal.
- Costs incurred in order to carry out the project which are **not charged to the sponsor and do not require tracking or documented to sponsor**.
- Does not have to be separately identified

A thought bubble diagram consisting of a large main cloud and three smaller circles. The main cloud contains the text 'Generally, not allowed or encouraged by each school.' and the smaller circles contain the text 'NSF (National Science Foundation) prohibits voluntary committed cost sharing.'

Generally, not allowed or encouraged by each school.

NSF (National Science Foundation) prohibits voluntary committed cost sharing.

## *Cost Share Facts*



- Cost share expenditure **must meet the same requirements as a direct cost on a sponsored award.**
- Most sponsors do not require cost share.
- Cost sharing requires additional effort to prepare, document, track expenses, and prepare cost sharing reports.
- Unrecovered IDC's can be included as part of cost share or matching, but only with prior approval of the sponsor.
- Faculty effort over the cap is unallowable towards meeting a cost share obligation.
- In both mandatory and committed voluntary cost sharing, when an award is received in which cost sharing was proposed, the cost sharing becomes a binding commitment that the University must provide as part of the performance of the sponsored project. Failure to properly record cost sharing may result in audit findings.
- Cost share cannot be included as contributions towards meeting a cost share commitment on another federal award.
- Source of Cost Share Funding:
  - Cash – Operating budget and/or other department's designated funds
  - In-Kind – Waived F&A, Third party contributions, equipment use without charge, donated services or goods or space.
    - Values must be clearly documented



## What CAN be used as Cost Sharing ???

### Direct Costs:

- Salaries and benefits
- Equipment
- Travel Expenses
- Lab Supplies
- Core Charges
- 65% of GRA tuition covered by the school \*
- Other student expenses

### Unrecovered Indirect Costs (with sponsor approval)

### In kind:

- Donated supplies, materials, volunteer hours
- Third party contributions

Cost shared effort must be properly tracked to ensure that the individual's total effort on a project both direct and cost shared are properly reflected and do not exceed 100% effort.

Note IDC cannot be captured on cost share projects within Oracle, so it must be tracked offline.

## What CANNOT be used as Cost Sharing ???

- Costs unallowable per cost principles and sponsor rules/limitations.
- Costs included as cost sharing for any other project.
- Costs not benefiting the project.
- Paid from another Federal project except if authorized by the Federal agency.
- Expenditures included in the F&A rate (e.g., utilities, admin salaries)
  - University facilities costs such as laboratory space.
  - Depreciation on Equipment.
- Salary dollars above a regulatory cap (e.g., DHHS cap)
- Unallowable costs as defined by Uniform Guidance 2 CFR 200 and outlined in the Vanderbilt Direct Cost Guidelines on the RF website

Facilities cost and depreciation are costs included in IDC and therefore already an allowable cost

## *VU Policy Overview*

- Covers all externally sponsored grants, contracts, cooperative agreements, training grants, fellowships, and subcontracts.
- Requires cost sharing to be **identified** and **associated** with the applicable award.
- Reiterates uniform guidance stating costs must be reasonable, allowable, allocable, and meet the consistency requirements under federal cost principles.
- Cost sharing costs should be **certified in the effort reporting system** (if mandatory or voluntary cost share) and cost sharing costs must be necessary and directly related to the project objectives.

## *VU Procedure Overview*

★ Cost overruns are the amount of allowable charges on a sponsored project in excess of the funded amount and **should be reflected appropriately as cost sharing**.

- If the amount is de minimis (<\$100.00) and there is **no existing Cost Share project** the de minimis cost overrun may be moved to a funding source designated by the department.
- **Salary amounts in excess of the NIH salary cap**, see [NIH Salary Cap guidelines](#), are considered **voluntary uncommitted cost sharing**.
- Oracle Project Manager (RF Analyst) prepare PPM entries quarterly to fund cost share projects at the direction of the schools or as notated in VERA.



## *Lifecycle – Cost Share*



Departments can **request cost share projects at any time** during the life of an award via VERA.



### Mandatory –

#### VERA

- Helpful [FAQ with step-by-step guide](#)
- You will add the budgeted amounts to the Cost-Share Cost Categories in the **Budget Reconciliation SmartForm**.
- **Terms and Conditions SmartForm**, the Term & Condition “Mandatory Cost-Share” must be checked.

#### Oracle

- No budget
- Cost Share Type and Value for total cost share captured from VERA

Type	Value
Mandatory Cost Share	27,996

### Voluntary –

#### VERA

- Helpful [FAQ with step-by-step guide](#)
- You will not budget any amounts in the Cost-Share Cost Categories in the **Budget Reconciliation SmartForm**.
- **Terms and Conditions SmartForm**, the Term & Condition “Mandatory Cost-Share” must not be checked.

#### Oracle

- No budget
- No Cost Share Type and Value for total cost share captured from VERA



**How is your cost share being funded? Tell us in VERA -**

If by another PPM project, complete the Oracle Project/Financial Setup SmartForm as follows:

**6. Responsible Unit** should remain the Award Owning Organization

**11. Cost Share Projects:** Yes

Funding Source should be Project # and Task #

**14. Program Code** is N/A because the funding source project noted at #11 has a program code in its setup.

If by COA, complete the Oracle Project/Financial Setup SmartForm as follows:

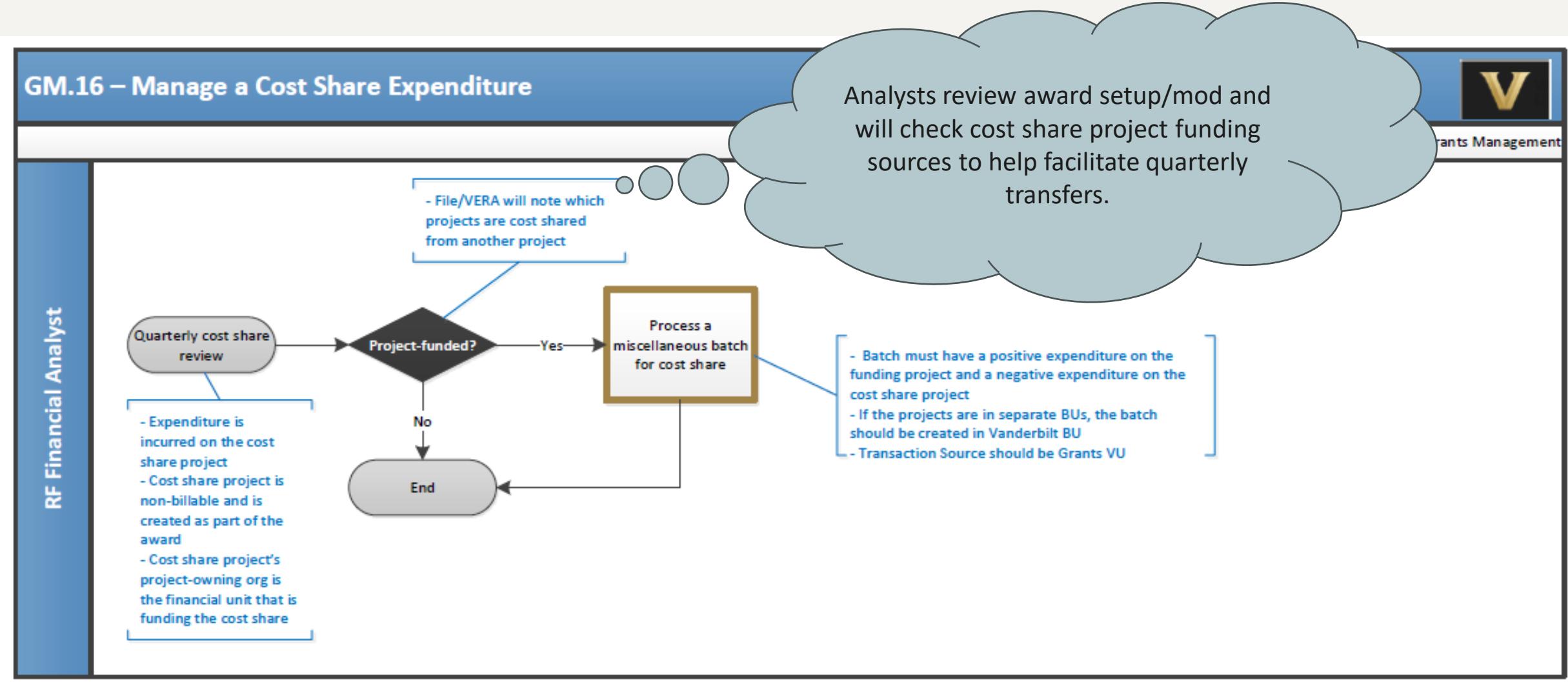
**6. Responsible Unit** should be updated to the desired funding COA's Financial Unit.

**11. Cost Share Projects:** Yes

Funding Source in this scenario is not required since the cost share is mapped to the funding source directly.

**14. Program Code** should be updated to the desired funding COA's Program Code, alternatively default code of 000 is used.

**Alternatively coordinate with Awards/Projects associated Research Finance Project Manager/Analyst to facilitate cost share funding entries.**



# Research Finance – Cost Share

## APPENDIX 1: Uniform Guidance Cost Share Type Grid



See VU Policy and Procedures for institutional specific requirements

Mandatory Committed	Voluntary Committed	Voluntary Uncommitted
Award/proposal terms and conditions specifically require cost sharing, or cost sharing is agreed to between the institution and the sponsor when accepting a sponsored agreement.	Effort and/or other costs not required by the sponsor but offered and quantified by the institution in the sponsor budget or narrative with no corresponding sponsor funding requested or awarded.	Effort and/or other costs are not required by the sponsor but offered by the institution without measurement and without corresponding funding requested or awarded. After the award has been accepted, effort and/or other costs are provided above what was requested or awarded.
There is a <b>sponsor statutory requirement</b> for cost sharing related to the award.	There are <b>no sponsor terms and conditions or sponsor statutory obligations</b> related to cost sharing.	There are <b>no sponsor terms and conditions, or statutory obligations</b> related to cost sharing
Effort and/or other costs <b>are quantified and documented</b> in the proposal and award budget, justification, or narrative (including scope of work).	Effort and/or other costs <b>are quantified and documented</b> in the award or proposal budget, justification, or narrative (including scope of work).	Effort and/or other costs <b>are not quantified or documented</b> in the award or proposal budget or narrative (including scope of work).  Cost sharing that is voluntarily committed becomes voluntarily uncommitted if the sponsor exempts the institution from cost sharing requirements in the award notice.
Report to Sponsor Subject to audit Allowable under cost principles Monitor to ensure commitment is met Document/account separately for tracking	Report to sponsor Subject to audit Allowable under cost principles Monitor to ensure commitment is met Document/account separately for tracking	Not report to sponsor Not subject to audit Allowable under cost principles Does not need to be monitored and documented for the sponsor however does need to be per VU Policy

***Question 1: Funds awarded under the solicitation may not cover more than 75% of the total costs of the project being funded. An applicant must identify the source of the 25% portion of the total project costs and how it will use match funds.***

***This is which type of Cost Share?***



**Mandatory**

***Question 2: For each dollar awarded, the recipient must provide \$1 toward the project.***

***This is which type of Cost Share?***



**Mandatory**

**Question 3: The proposal is awarded with the committed effort of 10%. PI only charges the grant 7% yet reports the full 10% to the sponsor. The remaining 3% commitment being reported (and charged elsewhere) is considered \_\_\_\_\_?**

**What type of Cost Share?**



**Voluntary Committed Cost Share**

**Question 4: Salary Cap – Sponsor-imposed limit for individual salary**

*University faculty effort that is over and above that which is committed and budgeted for but not charged to the sponsored agreement is an example of voluntary uncommitted cost share.*

**True or False?**



**True Voluntary Uncommitted Cost Share**

**Question 5:**

*An award requires 50% effort for the PI. The PI spends 60% time on the project. The department only charges the 50% effort to the award. The 10% effort over and above the budget (commitment) is voluntary uncommitted cost share and does not have to be documented for the sponsor, however, must be documented per VU policy.*

**True or False?**



**True Voluntary Uncommitted Cost Share**

***Question 6: Are cost overruns accounted for as cost sharing?***



***Deficits are not anticipated during proposal preparation. Deficits often represent excess allowable costs in accordance with the award and should be accounted for in the same manner as committed cost sharing. Deficits should be removed from projects in a timely manner.***

***Note there is a de minimis exception to this procedure. If the cost deficit is less than \$100.00 and a cost share project has not already been set up, the school can move it to another funding source at their discretion.***

### *Question 7: What are the pros and cons of Cost Share?*



#### Pros:

- Allows sponsor to fund more projects
- Maximizes sponsor contribution



#### Cons:

- Increases administrative burden (departments and central)
- Decreases University F&A rate



### **Question 8: How do I move costs to cost share?**



Per the Retroactive Reallocation of Costs Policy, “expenditures against grants, contracts, CORES, and restricted gifts/endowments that have been determined to be “unallowable” must be corrected, regardless of when discovered.”



Per the Retroactive Reallocation of Costs – Procedures, “for Grants & Contracts, non-compensation cost overruns <\$1,500 may be moved via manual entry within PPM by the respective Research Finance Project Manager at the department’s request.”

- If you have any questions, you can reach out to Research Finance at:

[ResearchFinance@vanderbilt.edu](mailto:ResearchFinance@vanderbilt.edu)



January 29, 2026

Research Finance – Cost Share