

Cost Sharing Overview

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Northwestern

What is Cost Sharing?

- Cost Sharing represents the sponsored project or program costs (direct and indirect) that would normally be borne by the sponsor but instead are covered by the institution or a third party, such as a subcontractor or an unfunded collaborator
- “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



Mandatory Cost Sharing

- Required by the sponsor
- Demonstrated in the proposal
- Typically is explicitly referenced in an award document
- Must be properly documented and tracked for cost accounting and compliance purposes

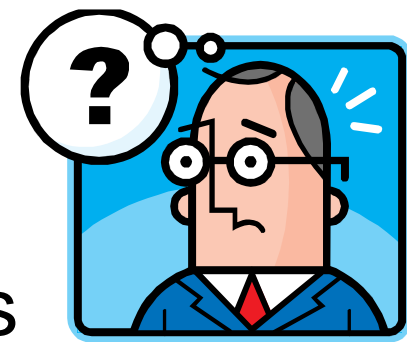
Voluntary Committed Cost Sharing

- Not required by the sponsor
- Demonstrated in the proposal
- Sometimes referenced in the award document
- Must be properly documented and tracked for cost accounting and compliance purposes

Voluntary Uncommitted Cost Sharing

- Not required
- Not demonstrated in the proposal
- Not referenced in the award document
- Not formally tracked (or auditable)

Why Cost Share?



- Eligibility criteria for certain programs
- Makes an institution's proposal more competitive
- Helps institutions allocate resources to areas of strategic national importance

Cost sharing can help a university fulfill its mission as a premier research institution.

Negative Institutional Impacts

- Financial
- Administrative
- Compliance
- Investigator
- F&A Rate



Northwestern's Position on Cost Sharing

Northwestern University engages in cost sharing when it is in the best overall interest of the University, but limited to situations in which it is mandated by the sponsor per solicitation or policy guidelines, or deemed appropriate in light of specific and compelling circumstances.

Northwestern's Position on Cost Sharing

- Northwestern does not typically cost share on a voluntary basis, consistent with its objective of maximizing sponsored cost reimbursement to support the continued growth of the research enterprise.
- A voluntary cost sharing commitment should be made only when the competitive forces and perceived institutional benefit of receiving the award are deemed to be sufficiently strong to warrant the commitment.



Cost Sharing – Proposal Stage

- InfoEd Data

- Only captured in budget pages when
 - S2S proposal where cost sharing must be captured in the budget
 - Instances where entire budget is cost shared
 - Cost shared key personnel effort for non-S2S proposals
- Departments capture cost share information at proposal stage by:
 - (1) Answering “yes” to the question regarding cost sharing on the proposal routing form
 - (2) Indicating any cost shared effort on the proposal routing form
 - (3) Providing cost sharing documentation (including OSR-EZ, internal budget, and/or commitment confirmations as appropriate)

Cost Sharing – Award Stage

InfoEd Data

- No action required of department in InfoEd
- Cost sharing information will be entered by GA on PT side
 - Utilize one budget category – non-MTDC
 - Capture lump sums of cash, in-kind, mandatory, and voluntary committed
 - Cost shared effort commitments of senior personnel will also be captured

Cost Sharing – Award Stage

| Type | Fund | Cost Share Definition |
|--------------------------------|------|--|
| Mandatory Cost Share | 191 | Required by sponsors as a matter of statute, regulation or policy , or is indicated in individual solicitations |
| Over the Cap Commitment | 192 | Difference between actual salary and sponsor imposed salary cap (e.g. NIH) |
| Voluntary Committed Cost Share | 193 | Not required by the sponsor as a condition of award but provided at the proposal stage at the discretion of the institution. |

Cost Sharing – Award Stage

NUFinancials Data

- Mandatory and voluntary committed cost sharing will typically be captured under a single project ID
- Only cash commitments have expense budgets established
- Appropriate fund code will be used given the type of cost sharing involved

Budget Journals

- Once the chart string is established a budget journal is run for fund codes 191 and 193
- Budget journal establishes revenue budget for relevant department ids
- Actuals journals are done by the end of the fiscal year to cover the unit's *obligations* (not actual cost share expenses)

Cost Sharing - What's Next?

- Continuing evaluation of the perceived competitive benefits associated with voluntary committed cost sharing
- Monitoring the approaches being taken among federal sponsors in light of Uniform Guidance
- Assessing what does and does not need to be tracked within the voluntary committed cost sharing spectrum



If you ever have any cost share related questions please do not hesitate to contact me!

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