Cost Sharing Overview for the OSU College of Engineering

What is Cost Sharing?

Some funding opportunities request cost share as part of a grant proposal. Cost sharing means that more than one entity will help pay for a project, for example an external sponsor provides most of the funds and the University provides the rest of the project funds. Cost sharing and matching funds are the same thing.

Mandatory cost sharing is a defined contribution required by the sponsor as a condition of obtaining the award. These binding commitments are tracked and reported to the sponsor during the award period.

If cost sharing is not required but will be considered as part of the selection criteria, then it may be considered mandatory if some amount of cost share (typically unspecified) is needed to obtain all review points. Sponsor requests for leveraged funds or resources are less likely to fall into this category. These situations are considered on a case-by-case basis by the University (OSRAA).

Voluntary cost sharing is a contribution offered by the PI but not required by the sponsor as a condition of obtaining the award. Voluntary uncommitted cost sharing (leveraged resources) has no quantified amount associated with it, is described in the Research Plan or Facilities section but not in the budget or budget justification, is not tracked or reported, and is always allowed.

Voluntary committed cost sharing is a binding commitment which must be approved well in advance by both the College and the Research Office for university strategic purposes. This approval is rarely given.

Where Does Cost Sharing Come From?

External (third party) entities may provide cost share:

- Industry or non-profit partners (donation of equipment, supplies, software, time, expertise)
- Subaward on the project (faculty time, other funds, indirect costs on cost shared expenses)
- Matching awards for the project (ONAMI, OMI, foundations, other non-federal funding sources)

The University may provide cost share in various ways. Preferred sources are in bold:

- Faculty/staff time on the project (current salary and fringe benefits)
- Internal gift or endowment funds (non-federal) used to pay for project expenses such as tuition
- Departmental or other internal funds used to pay for project expenses such as tuition
- Waived user fees for equipment or facilities
- Indirect costs associated with cost shared expenses
- Unrecovered indirect costs if sponsor-limited indirect cost rate

Any commitment of University resources requires approval from your School Head, College, and/or the Research Office as appropriate. Other things to consider:

- There is no designated pot of money available for cost share from the College or School(s).
- Tuition is a real cost and cannot be waived.
- The same expense cannot be used as cost share for multiple projects; it only gets counted once.
- Cost share expenses must be incurred during the project period.
- Existing equipment or space may only be included as uncommitted cost share (unquantified).
- Federal funds cannot be used as cost share.
How to Make Cost Sharing Commitments

Please discuss all cost sharing plans with your Proposal Manager in the College of Engineering Research Administration office (coe.preawards@oregonstate.edu). They can help with creative, allowable cost share options as well as budgeting and obtaining required cost share documentation for the proposal.

How Much to Cost Share?

The required cost share percentage is based on either sponsor cost or total project cost. Once you determine this from the funding solicitation, you can calculate the required cost share amount.

- Only commit the minimum required cost share. If the required amount is unspecified, work with your Proposal Manager to determine a reasonable number based on project scope and sponsor.
- If you think voluntary committed cost share is needed, please discuss with your Proposal Manager and start the wider strategic discussions as early as possible. Such approval is rare.

Why Should Cost Sharing be Avoided?

All committed cost sharing is costly to the University:

- Funds committed as cost share to your project cannot be used for any other purpose.
- OSU is responsible for meeting all committed cost share, regardless of source. This creates a liability for the College and School(s) to provide backstop funding if a source falls through.
- Tracking and reporting committed cost sharing is a significant administrative workload.
- Cost sharing from University sources directly decreases our next federally negotiated F&A rate and thus your School’s returned overhead. Indirect costs help recover the real cost of supporting research at the University including maintenance of research facilities, network support, utilities, and the infrastructure to comply with federal, state, and local rules and regulations.

Where to Get Cost Share?

Your COE Proposal Manager can help identify potential sources of cost share and create a budget. The primary source of cost share should be faculty academic time, that is, counting a portion of the PI/Co-PI current salary as cost share for the project. External (third party) cost share is also encouraged.

Document the Cost Share Commitment

Your Proposal Manager will finalize the internal Cost Share Authorization Form(s) and obtain all required signatures. If any third party cost sharing is proposed, work with your Proposal Manager to request detailed commitment letter(s). These must all be uploaded to Cayuse prior to proposal submission.

Cost sharing commitments become final only upon the University’s acceptance of the award. Upon notification of award, the School(s) should verify the amount of any committed cost sharing.

Cost Share Allowability

The same rules regarding allowability of costs charged to a sponsored project apply to those costs that are used to meet the cost sharing commitment. If you cannot pay for an expenditure with the sponsored project funding then you likely cannot use the expense as cost sharing without agency approval. There are some exceptions, for example when a sponsor does not allow tuition costs in the award but does allow tuition to be counted as cost share.
Responsibilities for Cost Sharing

School Heads, Deans, Directors, and others who authorize committed cost sharing:

- Approves cost sharing commitment in proposal.
- Verifies funding availability at award, in collaboration with Business Center.
- Validates cost sharing expenses during project in the absence of the PI.

Principal Investigator (PI) / School:

- Works with Proposal Manager in the College of Engineering Research Administration office to identify and budget available sources of cost share.
- Revises proposal text and budget to accurately reflect the committed cost sharing intent.
- Works with Proposal Manager to request and review cost sharing documentation from subawards and third party entities.
- Reviews cost share reports during project to ensure they accurately reflect cost share expenses.

College of Engineering Research Administration office

- Advises PI on cost sharing sources and required documentation.
-Drafts and reviews cost share budget.
- Prepares and obtains documentation of all internal and external cost share commitments for proposal.

Office of Sponsored Research and Award Administration (OSRAA) Proposal and Award Management:

- Analyzes proposals for cost share compliance and advises on appropriate cost sharing.
- Requests approval for changes in committed cost sharing from sponsor as needed.

OSRAA Cash and Financial Management, and Business Center (BEBC) Grant Accountants:

- Tracks and reports committed cost sharing expenses during the award, and monitors that these are meeting the cost sharing commitment.
- Ensures that the cost shared expenses are in compliance with cost accounting standards and sponsor policy.