

## Cost Share Overview and Guidelines

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Sponsored Project Accounting (SPA) provides a comprehensive document on cost share:

[https://www.cmu.edu/finance/spa-cost/files/cost-sharing-guidance\\_20140915.pdf](https://www.cmu.edu/finance/spa-cost/files/cost-sharing-guidance_20140915.pdf)

This document is meant to provide a high-level overview of cost share in proposals along with guidance and considerations for using MFI funding as cost share in proposals.

### Cost Share Definitions and Considerations

- Cost sharing occurs when an applicant contributes resources to a sponsored project beyond the amount funded by the sponsor.
- Cost sharing can be a mandatory requirement of some proposals.
  - o Cost share requirements and what can be counted toward cost share will depend on the rules and guidelines of the funding agency or institute sponsoring the project call.
  - o Of specific interest to MFI are the Manufacturing USA institutes, which each have different cost share requirements and rules. When applying to project calls, PIs should read the cost share guidelines of the specific Manufacturing USA institute issuing the call, as rules for cost share vary between institutes.
- As an example, rules for cost share and types of cost share for federal awards defined in OMB circular A-21 and the Uniform Guidance (2 CFR 200) is briefly summarized below:

<p><b>What types of costs are allowable as cost sharing?</b></p>	<p>Cost must follow OMB Circular A-21 factors affecting allowability of costs:</p> <ul style="list-style-type: none"> <li>• Reasonable – necessary, prudent, consistent with institutional policies and practices</li> <li>• Allocable – incurred solely to advance the work under sponsored agreement, benefit is measurable, necessary</li> <li>• Conform to limitations/exclusions set forth in A-21 or in sponsored agreement as to types or amounts of cost items</li> </ul>
<p><b>Are there types of costs that are better to be used as cost sharing?</b></p>	<p>From a university perspective, there are types of costs that are better than others to be used as cost sharing. Some items may not be used as cost sharing.</p> <ul style="list-style-type: none"> <li>• Equipment                     <ul style="list-style-type: none"> <li>o GOOD - value of equipment use (hours charged) or depreciation of equipment during period of performance when used solely for the project</li> <li>o NOT ALLOWED – purchase cost of equipment is generally not allowed</li> </ul> </li> <li>• Space and Facilities                     <ul style="list-style-type: none"> <li>o GOOD - leased space, although the lease costs must be excluded from the facility component when calculating the F&amp;A rate</li> <li>o NOT ALLOWED - space and facilities that typically serve joint objectives and their cost is factored into the F&amp;A rate</li> </ul> </li> <li>• Level of Effort                     <ul style="list-style-type: none"> <li>o GOOD, if the service is integral to the approved project or program</li> </ul> </li> <li>• Unrecovered F&amp;A Costs                     <ul style="list-style-type: none"> <li>o GOOD – this is the difference between the amount awarded and the amount which could have been awarded under the University's approved negotiated F&amp;A cost rate (<b>with prior approval of the awarding agency</b>)</li> </ul> </li> <li>• Other F&amp;A Costs                     <ul style="list-style-type: none"> <li>o GOOD – these are the F&amp;A costs associated with the direct costs being cost-shared (<b>with prior approval of the awarding agency</b>)</li> </ul> </li> <li>• Cost Overruns                     <ul style="list-style-type: none"> <li>o GOOD - overruns may meet the cost sharing requirements on the project for which they were incurred. However, cost overruns on one project cannot be used as cost sharing on another</li> </ul> </li> </ul>

## MFI Funding Applied as Cost Share

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### Important Considerations for Cost Share Use

- Upon approved application to MFI, investigators may use MFI funded projects as cost share toward extramural sponsored research proposals, following the qualification criteria listed below; i.e., MFI will contribute to cost share through its project funding mechanism.
- Each component of cost share within an MFI funded project can only be used ONCE.  
*(i.e., Equipment use charges- a charge for 15 hours of equipment time that is used as cost share on a FUNDED opportunity cannot be applied as cost share in any subsequent opportunities)*
- Communication of all PIs and Co-PIs within each MFI project team will be necessary to determine who will use cost share.
- Each MFI project team will be expected to manage their own process and track the use of cost share for an extramural sponsored research project. MFI staff may be able to assist for certain proposals and projects, such as through the Manufacturing USA institutes

### Qualification of Cost Share for Extramural Sponsored Research Proposals

- In general, cost share may be applied to new funding opportunities based on the qualification guidelines below  
*(note: This does not represent an all-inclusive list, which may be more specific based on the funding agency requirements and stipulations)*
  - o Allowability  
Cost share must meet the allowable criteria outlined above (i.e., must be allowable to the funding agency).
  - o Cost Share Requirement  
The prospective sponsor must require cost share in proposals to be eligible and/or competitive for funding. E.g., this is the case for most Manufacturing USA institute funding opportunities. Simply stating that cost share would be helpful is not an acceptable need. In particular, industry sponsored research does not require cost share.
  - o Research Alignment  
In order to apply MFI funded projects as cost share to new funding applications, the MFI project must be aligned with research thrusts of the sponsored research proposal. Depending on the scope of the proposed funding opportunity, this could have several implications:
    - **Only part of a current MFI funded project is aligned-** In this case, only the parts of the project that are aligned may be applied as cost share in the proposal.
    - **A new MFI project that is aligned must be awarded to be applied as cost share.**
    - **A new MFI project formed solely for the purpose of cost sharing will be funded contingent on award of the proposal.**
  - o Timeline of Project  
Cost share from MFI funded projects can only be applied toward new funding opportunities **while both projects are active** (e.g., Work on a new sponsored research project begins in January 2018. An MFI funded project that is aligned with the research of this new extramural project was awarded in October 2017. Only the qualifying MFI-funded costs incurred after January 2018 can be used as cost share)