

Deans, Directors, Department Chairs and Administrative Officers

Recent audits at other academic institutions have focused attention on cost sharing and the possible audit risks associated with making cost sharing commitments. Although cost sharing may be an effective mechanism for attracting external support for certain programs, it is important that investigators be aware of the full implications of these commitments. The following guidelines are meant to remind the UCLA research community of the nature of cost sharing and what is entailed in meeting cost sharing obligations.

Cost sharing represents the portion of a project's total costs that are not provided by the sponsor of the project. It is partial support for the cost of a sponsored project provided either by UCLA or by a third party. The terms "cost sharing" and "matching" are often used interchangeably, although matching usually refers to support proffered to "match" funds provided by the sponsor. Cost sharing contributions may take many forms including un-reimbursed use of University resources, cash, in-kind contributions from a third party, and/or support provided by another sponsored project (with permission of the sponsor).

There are three types of cost sharing:

- *Mandatory cost sharing*: contributions to projects that are required by the sponsor as a condition of eligibility and/or are a review criterion. Required or mandatory cost sharing will be specified in the published request for proposals. Mandatory cost sharing must be tracked and reported to sponsors and cost shared effort must be added to the individual's Effort Report during the effort certification process.
- *Voluntary committed cost sharing*: contributions to the project that are not required by the sponsor but are offered in the proposal (either in the budget or narrative or both). Voluntary committed cost sharing must be tracked and reported to sponsors, and cost shared effort must be added to the individual's Effort Report during the effort certification process.
- *Voluntary uncommitted cost sharing*: incidental or unanticipated contributions (i.e., donated) to sponsored projects that were *not* pledged in the proposal, are *not* an obligation of the award, and do *not* have to be tracked or reported to the sponsor. This type of cost sharing often takes the form of investigator effort over and above that for which support was sought. Voluntary uncommitted cost sharing should not be added to the individual's Effort Report during the effort certification process.

In general, the University of California expects that external sponsors will provide all direct and indirect costs associated with the projects they are supporting. On occasion

UCLA will share the costs of such projects with government or not-for-profit sponsors to further the University's research mission. Please note that the University does not cost share with for-profit sponsors.

UCLA recognizes the importance of providing mandatory cost sharing to ensure that proposals are eligible for review. Although UCLA discourages voluntary cost sharing, the campus also recognizes that some investigators feel it is important to volunteer to cost share as they believe that contribution to the overall cost of the project will make their proposal more competitive. When investigators feel compelled to offer cost sharing and have resources at their disposal that they can promise, they are encouraged to be reasonable and prudent. Please remember that all cost sharing commitments (mandatory and voluntary committed) must be fulfilled.

Identifying resources (e.g., faculty and staff salaries, benefits, materials, supplies, travel or other operating costs) to meet cost sharing obligations is the responsibility of the Principal Investigator. Resources used to meet cost share commitments must be necessary for achievement of project objectives, must be allowable under federal cost principles, must be documented and verifiable from UCLA records, and cannot be used to meet cost sharing obligations on other projects. Federal funds *cannot* be used to meet cost sharing obligations unless authorized by statute or specific award/program terms.

Investigators who want to include cost sharing in a proposal should take into account other commitments of time and effort, and the availability of resources that can be used to meet these obligations. They are also encouraged to discuss contemplated cost sharing with their respective Chair or Director before making any commitments as responsibility for ensuring that cost share obligations are met, tracked, and reported, lies with the department or Organized Research Unit.

Please note that virtually all sponsors and the federal Office of Management and Budget expect that the Principal Investigator and other senior researchers will expend some effort on sponsored projects. All proposals should indicate that the Principal Investigator and other senior investigators will be spending some time on the project even if that time is minimal. This effort can be expended at any time during the year — during the academic year, the summer months, or both. The effort can be supported by the sponsor through a request for salary support, or cost shared by UCLA.

If you have any questions about cost sharing in proposals, please contact Linda Lee, Director, Office of Contract and Grant Administration (x40369 or llee@resadmin.ucla.edu). Questions about how cost sharing obligations should be documented and tracked should be addressed to Evelyn Balabis, Director, Extramural Fund Management (x42838 or ebalabis@resadmin.ucla.edu).

Sincerely,

Roberto Peccei
Vice Chancellor for Research