

UCSF's Cost Sharing Policy: What Research Services Administrators Need to Know

October 5, 2007

Which of the following examples do you think refer to cost sharing?

A sponsor requires that the university supplement its grant by 10%, using other university resources, or else the grant will not be awarded by the sponsor. In other words, a condition of getting the award is to provide supplemental university support.

YES

or

NO

A principal investigator wishes to work for no salary on the study of another principal investigator, because they are good buddies. Unfortunately, estimated effort was included in neither the proposal budget nor the budget justification.

YES

or

NO

The salary of a principal investigator exceeds the National Institutes of Health salary cap by \$ 30,000 annually. At a 10% rate of effort, this means that \$ 250.00 monthly must be covered by the PI's own discretionary sources. The PI wants to demonstrate to the federal sponsor the hardship that the NIH cap causes, by classifying the amount over the cap as a form of cost sharing covered by (limited) discretionary sources.

YES

or

NO

A young investigator must be paid 75% or \$ 75,000.00 out of a federal K award. The actual effort is made to two new federal R01 grants, and one private foundation grant.

YES

or

NO

A clinical faculty at SFGH has received an intramural award from the Cancer Research Coordinating Committee (CRCC), but will be using 19900 general funds to cover paid effort. CCRC awards are made annually through interest income that is earned on the endowment principal, which is housed at the University Office of the President (UCOP).

YES

or

NO

Answers to the Five Previous Slides:

- 1) **YES**
- 2) **YES**
- 3) **YES**
- 4) **YES**

AND

- 5) **YES**

In all of these cases, one source of funding is used to cover the costs of effort or materials on another project or study.

The question is whether or not the five examples constitute a *reportable* cost sharing condition for the campus.

There are many manifestations of cost sharing, but UCSF defines a *reportable* cost sharing condition as a **financial commitment** to an **external sponsor** to augment its sponsored project budget, using unrestricted **university resources**.

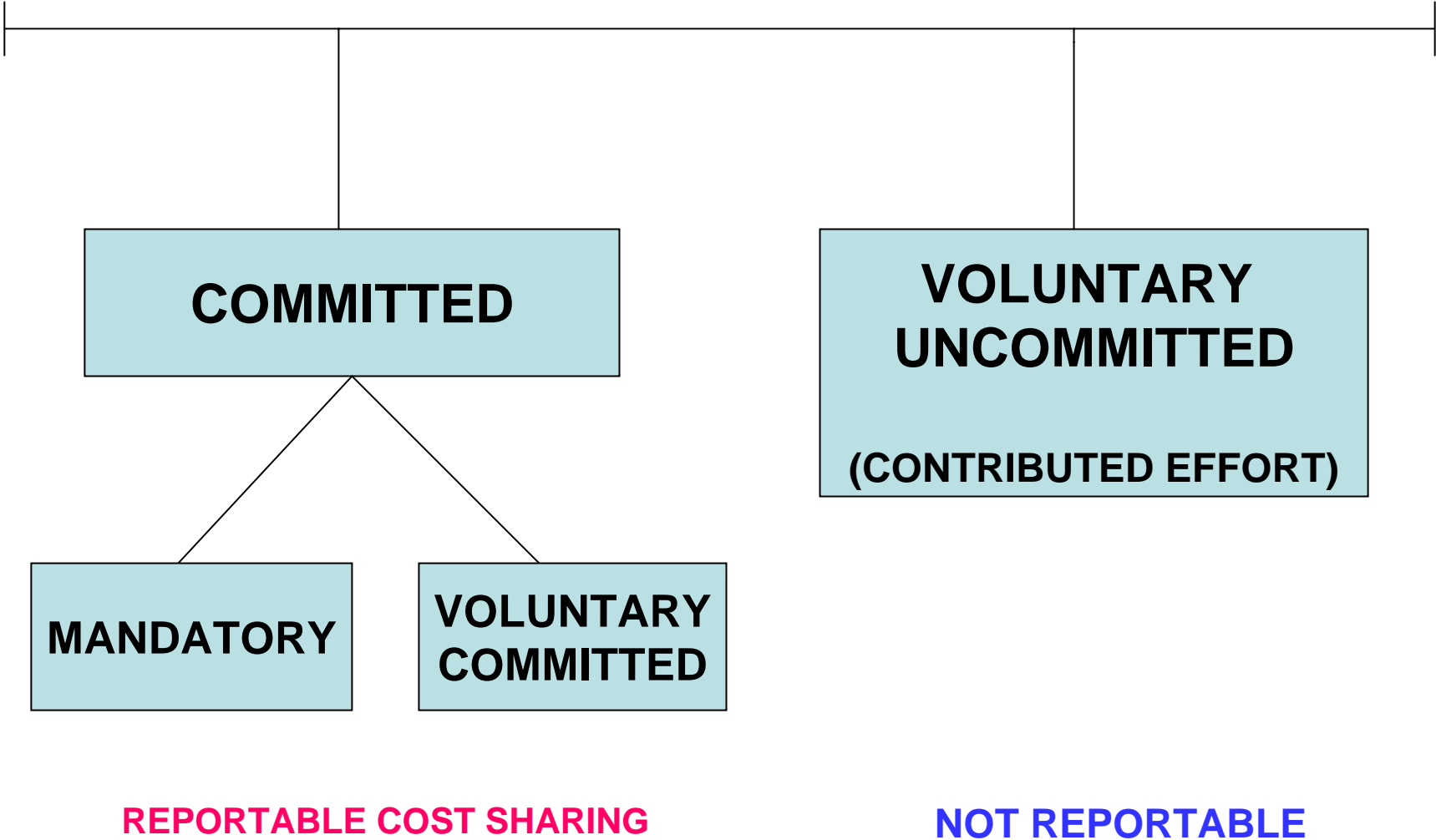
The important concepts for **reportable** cost sharing, as shown on the previous slide, are:

financial commitment

external sponsor

university resources

COST SHARING



What is Cost Sharing?

A Cost Sharing Matrix

Committed		Uncommitted
Mandatory	Voluntary	Voluntary
Required by Sponsor	Not Required by Sponsor	Not Required by Sponsor
Quantified and Documented in Award or Proposal Budget or Narrative	Quantified and Documented in Award or Proposal Budget or Narrative	Not Quantified in Award or Proposal Budget or Narrative Incidental Reference Documentation without specific percent time or hours committed is acceptable in narrative.
Auditable via PAR review	Auditable via PAR review	No documentation required
CASE STUDY: An award provides funding for 20% effort for a PI. The PI spends 25% effort on award, resulting in Cost Sharing. What kind of Cost Sharing is the extra 5%?		
If Sponsor required Cost Sharing as terms of award: Mandatory	If Department included extra 5% effort without associated pay in proposal budget or narrative without sponsor requirement: Voluntary Committed	If no commitment to effort over 20% is noted in proposal budget or narrative: Voluntary Uncommitted

Further Elaborations to the Five Handout Slides:

	<u>Cost Sharing?</u>	<u>Reportable?</u>	<u>Type of Cost Sharing</u>
1)	YES	YES	Mandatory
2)	YES	NO	Voluntary Uncommitted (Contributed Effort)
3)	YES	NO	The federal government does not recognize any salaries above above its NIH cap.
4)	YES	YES	Voluntary Committed
5)	YES	NO	Voluntary Uncommitted

A cynical person might refer to cost sharing as a:

SUBSIDY

For all practical purposes, the university is using its own discretionary resources, or possibly the resources of other external sponsors, to meet the goals and objectives of this one project.

Why focus on cost sharing now?

- Cost sharing and effort reporting are major compliance issues and high audit priorities for DHHS, Office of Inspector General.



Cost Sharing at UCSF

- Almost all voluntary committed cost sharing is in the form of time, not material.
- **Therefore, at UCSF most cost sharing can be examined to determine if it is a necessary component of the sponsored project enterprise.**

Cost Sharing at UCSF

- Most cost sharing is optional.

**IN FY 2003-04 ONLY \$11,000
OUT OF OVER \$9.5 MILLION
OF COST SHARING WAS
REQUIRED.**



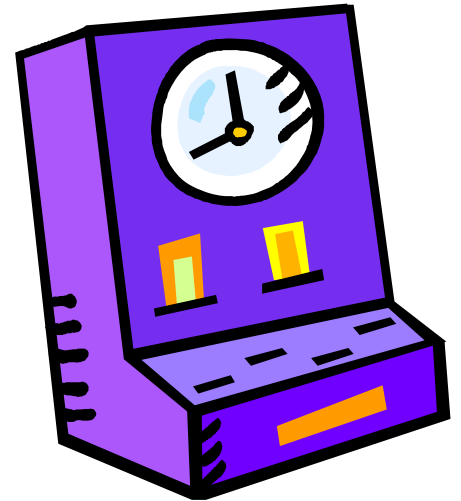
What happens?

- Departmental or other funds must be used to pay the cost of the commitment not paid by the sponsor.



What happens?

- PAR certifications and financial reports must reflect the time and expense associated with cost sharing.



What happens?

Additional time is spent to:

- determine whether there is reportable cost sharing on a case by case basis;
- set up the cost sharing program code in the account-fund profile (AFP);
- enter the budget commitment to the GL;
- monitor reports to verify that the GL budget commitment is being met by actual cost sharing expenditures;
- work with central units to address issues where program code functionality may not work in all cases (OLPPS);
- verify the cost sharing amounts to be reported on the financial status report (FSR), primarily to federal sponsors
- fund-FY close-out procedures



How can I avoid it?

- Do not include in proposals quantifiable commitments of personal or collegial effort that will not be on the budget.



How can I avoid it?

- Do not make commitments of quantifiable effort to colleagues which will not be in their project budget.



Where can I find out more?

- Policies

- <http://policies.ucsf.edu/400/40017.htm>

- http://www.acctg.ucsf.edu/extramural_funds/policies/Cost_Sharing_One_Page.pdf

- Procedures

- http://www.acctg.ucsf.edu/extramural_funds/policies/Cost_Sharing_Proc.pdf

- FAQs

- http://www.acctg.ucsf.edu/extramural_funds/policies/Cost_Sharing_FAQ.pdf

- Budget Template

- http://www.acctg.ucsf.edu/extramural_funds/policies/Cost_Sharing_Budget_2005_01_25.xls

WHO TO CALL FOR QUESTIONS ON COST SHARING:

- WHEN DEVELOPING A PROPOSAL: If I am working on completing the Proposal Express OSR Approval Form and I am not sure if my proposal includes cost sharing, whom should I contact?

If you are working on a nonprofit or incoming subcontract, contact Andrew Boulter at (415) 502-4029 andrew.boulter@ucsf.edu.

If you are working on a federal grant or fellowship, contact Deborah Caulfield at (415) 476-2782 debbie.caulfield@ucsf.edu.

- FOR POST AWARD QUESTIONS: If I have an award with cost sharing and have questions about how to set up the budget, cost sharing reporting, relationship to effort reporting or other post award questions, whom should I contact?

Contact either Julio Rodriguez at (415) 476-2835 julio.rodriguez@ucsf.edu or Michael Grafton at (415) 476-1462 michael.grafton@ucsf.edu.

- FOR POLICY QUESTIONS: If I have a general question on cost sharing, whom should I contact?

Contact Matt Suelzle at msuelzle@finance.ucsf.edu or Charles Taylor at ctaylor@finance.ucsf.edu

Questions?