

Cost Sharing Overview

The federal government defines cost sharing as the portion of sponsored project costs not borne by the sponsor. The reporting and audit requirements for cost sharing necessitate tracking the actual commitment and funding for a sponsored project against the contractually committed amount. Cost sharing will only be tracked if there is a compliance requirement. [Click here](#) for the Cost Sharing Summary to determine whether Cost Sharing is reportable for your specific needs.

To accomplish the monitoring requirements, an *unrestricted* cost sharing fund will be used (restricted/unrestricted is an attribute of fund) allowing the RAS system to ignore this activity for billing purposes while still using the same RAS Project. In addition, a unique cost sharing expense Account will be used to monitor the commitment activity.

Chartfields Used with Cost Sharing

Fund	Fund Class	UCOP Fund Group	Description
4900	Current	410290 - Other Sources/Other	Cost sharing fund

Account	Acct Type	Description
51331	Expense	Cost sharing expense

Business Process

The business process for Projects with cost sharing requirements is as follows:

1. As part of the post-award process for new contracts, the department submits the Cost Sharing Budget and funding chartstring information to CGA:
 1. The unrestricted cost sharing Fund
 2. Dept ID
 3. Project ID
 4. Activity Period (if funding is from another sponsored project)
 5. Function
 6. Flexfield
2. As part of the post-award activation process CGA will:
 - a) Create the budget journal to allocate the project to both the sponsored Fund and the cost sharing Fund;
 - b) Create a financial journal template to be used to allocate the cost sharing percentage of the payroll and non-payroll expense from the funding source chartstrings to the cost sharing Fund/Project.
3. Departments (via HR Service Centers) set up the cost sharing distribution line(s) in the payroll system for the PI and other staff members using:
 - Sponsored Fund/Dept ID/Project/Function plus Flexfield if you are using
 - Cost sharing Fund/Dept ID/Project/Function plus Flexfield if you are using
4. On a monthly basis CGA will post a financial journal (for the time period) to:
 - a) Debit the funding source chartstring 100% of the amount of the cost sharing expense
 - b) Credit the cost sharing Fund the amount of the cost sharing expense

Example

The following example demonstrates the journal entries associated with a \$100,000 award for research into neural stem cells & brain tumor origins that has a \$10,000 cost sharing commitment. 25% of the cost sharing will be funded from a gift designated for stem cell research and 75% from a medical comp plan fund (general use project).

Step #2a: Budget Journal allocating the cost sharing expense

Amount	Account	Fund	Dept ID	Project	Act Per	Function	Description
\$2,500	CS Offset (51332)	Cost Share (4900)	Neurology	123456A	01	Research	from 3080711
(\$2,500)	CS exp (51331)	Cost Share (4900)	Neurology	123456A	01	Research	from 3080711
\$7,500	CS Offset (51332)	Cost Share (4900)	Neurology	123456A	01	Research	from 3796962
(\$7,500)	CS exp (51331)	Cost Share (4900)	Neurology	123456A	01	Research	from 3796962

Step #3: Financial Journal recording payroll expense for Cost Sharing Fund (from PPS distribution line)

Amount	Account	Fund	Dept ID	Project	Act Per	Function	Description
\$1,000	Salaries	Cost Share (4900)	Neurology	123456A	01	Research	
(\$1,000)	Cash						

Step #4: Financial Journal initiated monthly by CGA to fund cost sharing

Amount	Account	Fund	Dept ID	Project	Act Per	Function	Description
\$250	CS exp (51331)	Priv Gift	Neurology	3080711		Research	to 123456A
(\$250)	CS exp (51331)	Cost Share (4900)	Neurology	123456A	01	Research	from 3080711
\$750	CS exp (51331)	Med Comp Plan	Neurology	3796962		Research	to 123456A
(\$750)	CS exp (51331)	Cost Share (4900)	Neurology	123456A	01	Research	from 3796962

When all transactions are complete, the Cost Sharing fund (in steps 3 and 4) and the Cost Sharing expense account (step 4) have a net zero balance.