

COST SHARING POLICY

Cost Sharing Definition

Cost sharing is the portion of the total project of a sponsored agreement that is contributed by the university and /or other non-federal sources but not reimbursed by the sponsor.

If a commitment of university resources is made in a proposal text/project description it is cost share. Cost share commitments, even if they are not included in the project budget or Proposal Processing Form, will be administered in accordance with this policy.

Cost sharing, match and in-kind contributions are terms that refer to project costs that are supported by funding sources other than the primary sponsor. Although the terms are sometimes used interchangeably, the University defines *direct cost sharing* as out-of-pocket project costs contributed by the University. *Match* is defined as funding that is pledged to match a portion of the primary sponsor's funding and may be in the form of cash or a third party in-kind contribution. *In-kind contribution* refers to non-cash contributions generally provided by a third party that are not recorded in the University's accounting system but can be assessed a cash value. Units are responsible for tracking in-kind contributions.

Implications of Cost Sharing for the Indirect Cost Rate

The indirect cost rate is a percent ratio of the allowable indirect costs, such as space and administration (the numerator), divided by the organized research expenditures, including cost sharing (the denominator). Thus, cost sharing contributes directly and substantially to the denominator in the indirect cost ratio. More cost sharing drives the indirect cost rate down, which is not in the University's best interest. Therefore, the University will discourage voluntary cost sharing, except in cases where this cost sharing promotes a major University objective.

Types of Cost Sharing

Mandatory Cost Sharing is required by the sponsor as a condition of obtaining an agreement.

Voluntary Committed Cost Sharing is not required by the sponsor but is committed by the University in the proposal.

Voluntary cost sharing is strongly discouraged because of the following:

- 1) Federal Agencies have documented that voluntary cost sharing will not enhance nor promote the grant application.**
- 2) Voluntary cost share increases the workload of the departments and the University resources because tracking the cost share requires setting up additional funds.**
- 3) The manner in which voluntary cost share is treated adversely affects the University's indirect cost rate.**

Voluntary Uncommitted Cost Sharing is not proposed or budgeted for in a sponsored agreement. It generally occurs when faculty members or senior researchers donate additional time above that proposed to the sponsor or agreed to as part of the award. Voluntary uncommitted cost sharing does need to be tracked for cost accounting purposes or reported to the sponsor.

Identification

Identifying and providing resources for cost sharing of direct cost is the responsibility of the Principal Investigator. These direct costs for cost sharing cannot be funded from any federal source unless explicitly identified by statute. If a non-federal grant is used for cost sharing the grant must state, by the awarding entity in its terms and conditions, that the funds can be used for cost share. Cost sharing must be proposed, approved, administered and accounted for in a consistent and prudent manner.

Federal Guidelines on Cost Sharing

The tracking, reporting and certifying of direct cost sharing and matching are subject to audit to the same extent as other direct project costs. Requirements for acceptance of direct cost sharing and matching contributions in grants and cooperative agreement are listed in OMB Circular A-110 Section 23, "Uniform Administrative Requirements for Grants and Agreement with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations."

Allowable Cost Sharing Expenditures

Direct Costs

- Faculty and Staff Effort
- Equipment
- Graduate Student Tuition

Other Direct Costs

- Other allowable direct costs such as minor equipment that is not capitalized (i.e. purchase price less than \$15,000) and supplies

Expenses that May Not Be Proposed for Cost Sharing or Matching on Federal Projects

- Administrative Salaries, office supplies and other administrative costs except under exceptional circumstances
- Unallowable costs as defined in OMB Circular A-21
- Salary dollars above a legislative or regulatory salary cap
- University facilities including laboratory space
- Indirect Costs (Facilities and Administrative Costs) unless specified by the agency.

Process/Procedure

When a proposal includes cost sharing, it must have the approval of the units that will be providing the resources. This approval will be in the form of a detailed description of the costs and a complete budget

sheet. As with costs on the main grant account, cost share costs follow the same criteria. The costs must be allowable, allocable, and reasonable. The costs have to be charged accurately and timely within the life of the grant. This form will be routed to the proper individuals for authorized signatures. When completed the forms will be part of the proposal processing form. This cost share must be reviewed by ORAF for allowability, accountability, and timeliness.

Attachment 1 contains the procedure in more detail and a flow chart for the process.

ATTACHMENT 1

Post Award will collect funding at the time of the award acceptance and fund set-up:

- Office of Research Administration and Finance will create a research fund for cost share activity. This will be done at the time of the commitment based on the information provided on the Proposal Processing Form.
- Office of Research Administration and Finance will write up and post a journal voucher based on the information received at the time of request. **The entry will be a debit to the college cost share centralized FOP (Fund, Org, Program) and a credit to the individual cost share fund at the GL for the full amount of the commitment for that year.** Copies of these entries will be delivered to the Division Budget Administrators.
- Office of Research Administration and Finance will enter a budget for the cost share.
- Each college will have a centralized cost share Current Fund Unrestricted (CFU).
- Divisional contacts are responsible for making sure that their centralized cost share CFU has been funded by the end of the year.

Office of Research Administration and Finance will track multiyear commitments.

Please see the [flow chart](#) for a high level view of the process.

NOTE:

The Director of Pre-award Research Administration and Finance is authorized to commit up to \$15,000 in institutional funds as cost share funding provided there is an equal commitment from the Department and College. Requests for institutional funding above \$15,000 must be forwarded by the Dean of the College to the Office of Research Administration and Finance for consideration. Institutional funds will only be provided for mandatory cost share. It is the responsibility of the department or college to fully fund voluntary cost share. Deans may make requests for institutional cost share to the Vice Provost for Research outside the scope of this policy if they believe an exception is warranted due to unusual circumstances/opportunities.