

Procedures for Cost-sharing

The Principal Investigator (PI) is responsible for obtaining all necessary authorizations for cost sharing prior to proposal submission. Unless adjusted during award negotiation, the proposed level of cost sharing becomes an obligation that must be met during the life of the award.

Cost sharing obligations are communicated in the following ways:

1. Office of Sponsored Programs (OSP) award project brief indicating the total amount and internal Sponsor of cost sharing (e.g. department, center, VP for Research, etc);
2. OSP file copy budget for cost sharing;
3. The Sponsored Programs Expenditure Report (cost sharing tab);
4. The Grants Inquiry Report (FAB);
5. Office of Sponsored Accounting (OSA) written communication.

Recording Cost Sharing expenditures in the University's accounting system

To record cost sharing expenditures, the appropriate sponsored project tail must be added to the non-sponsored chart string used to record the transaction. This applies to all payroll and non-payroll transactions submitted via iJAN, requisition, journal entry, etc.

Recording Cost Sharing expenditures offered by Third Parties in the University's accounting system

At this time, we can only track this outside of our financial systems.

For subrecipient monitoring – contact OSP [at x2807](#). Cost sharing is presented on invoices and also tracked by OSP.

Other third party obligations are also tracked by OSP.

Recording Cost Sharing expenditures for Kauffman e-initiative awards in the University's accounting system?

When cost sharing is for Kaufman e-initiative awards, use the two-digit “bud ref” assigned to your projects.

Please confirm mechanics with the OSA at x1765

Recording Cost Sharing expenditures from Another Sponsored Award in the University's accounting system?

For instructions on cost sharing from another sponsored award, contact the OSA at x1765.

Monitoring Cost Sharing expenditures versus obligations (budgeted requirements)

1. Use either the Sponsored Project Expenditure Report (SPER) – cost sharing tab, or
2. Grants Inquiry (FAB).

BEST PRACTICES

- If cost sharing is a specific percent of an award, it can be helpful to charge all expenditures to to sponsor and cost sharing in proportion to required amounts.

For example, if cost sharing is 25% of total project costs, all expenditures are charged 75% to sponsor and 25% to cost sharing (institutional or other sources). This helps ensure that the obligation will be met.

- *When cost sharing obligations have been met*, there is usually no need to continue cost sharing expenditures. The caveat may be for awards with complex cost sharing requirements; please contact Office of Sponsored Accounting for guidance.
- Principal Investigators (with the assistance of budget managers if necessary) should review cost sharing expenditures at least monthly to ensure that cost sharing obligations will be met by the end of the project. If cost sharing obligations might not be fulfilled, Principal Investigators should work with OSP and OSA to explore possible solutions.

GLOSSARY OF TERMS

Cost sharing: the portion of a project's total cost that is not reimbursed by the sponsor.

Mandatory cost sharing: the sponsor requires some proportion of project costs to be borne by non-sponsor sources. The amount of cost sharing offered may be an eligibility requirement (e.g. all applicants must offer a specified fixed amount or defined proportion of total project costs) or a review criterion (e.g. the more cost sharing offered above a minimum threshold, the more points received).

Voluntary cost sharing: cost sharing in excess of that required by the sponsor. Voluntary committed cost sharing is any cost associated with a project identified anywhere in the proposal (e.g. proposal narrative, budget narrative or current & pending support) that is not borne by the sponsor. Common examples include commitments of effort that will not be compensated by the sponsor, or purchases of equipment not borne by the sponsor.

Whether cost sharing offered is mandatory or voluntary, once an award is made all cost sharing commitments become binding obligations of the University. Such commitments must be documented.

Voluntary uncommitted cost sharing: faculty or staff effort contributions made over and above that committed and budgeted in a sponsored agreement; such effort is excluded from the organized research base.

Cost Sharing Regulations

To qualify as cost sharing on a federally sponsored award, the cost must satisfy all of the following criteria:

- Be allowable and allocable under federal regulations (OMB Circulars A-21; A-110) or the terms of the sponsored agreement;
- Be verifiable from the University's records;
- Not be used as cost sharing for any other award;
- Not be paid by the federal government under another award except where authorized by statute;
- Be necessary and reasonable for the performance of the project's objectives;
- Be incurred during the award's project period.

Allowable Sources of Cost Sharing

- *Effort* of the Principal Investigator and/or employees devoted to sponsored agreements, including associated fringe benefit costs in proportion to effort devoted;
- *Equipment* (and associated installation and other costs required for operations), purchased during the project period;
- *Supplies and services* directly associated with the project;
- *Subrecipient* cost-sharing;
- *Unrecovered indirect cost*, if approved by the sponsor;
- *Cost overruns*;
- *Salary in excess of NIH or other agencies' cap*.

Unallowable Sources of Cost Sharing

- Administrative salaries, services and supplies that are not appropriate as direct costs (OMB A-21 F.6.(b));
- Unallowable costs as defined in A-21, section J;
- University facilities such as laboratory space. Such resources should be described as “available to support the project at no direct cost to the sponsor”;
- Depreciation on equipment.

GUIDANCE ON OFFERING OF COST SHARING IN APPLICATIONS OR PROPOSALS

Cost sharing is documented and authorized on the Sponsored Programs Internal Routing and Review Form

- Mandatory and/or voluntary committed cost sharing must be checked, as applicable,
- The dollar amounts offered as cost sharing in year one and all years noted.
 - The dollar value of PI or co-PI effort which is voluntarily committed should be included in these totals, as should the cost of tuition explicitly included as cost sharing.

Note: The cost of tuition that will be provided as an institutional contribution, and is not identified as cost sharing, does not need not be recorded in cost sharing obligations.
- Those individuals authorized to commit resources used for cost sharing are to indicate their approval by signing the Internal Routing and Review form.

Cost sharing should be limited to those circumstances where:

- It is mandated by sponsor guidelines as an eligibility or review criterion;
- it is a consequence of mandatory key personnel effort that will not be charged to the sponsor;
- it will enhance the competitiveness of the application (e.g. training grants) as determined by the Vice President for Research, in consultation with OSP and the dean(s).

Where cost sharing is not required by the sponsor or necessary to ensure the competitiveness of a proposal, the rationale for offering cost sharing should be provided to OSP.

In all cases, the amount of cost sharing should be kept to a reasonable level due to the impact on University and departmental financial and personnel resources. OSP is responsible for ensuring that proposed cost sharing is reasonable.