



Policy 4.1

Responsible
Executive: Doug
Knerr

COST SHARING POLICY

Originally Issued:
December, 18, 2013

Revised:

Effective date:
December, 18, 2013

Contents

Policy Statement

Cost sharing on federal agreements is participation in the costs of a sponsored project by the University using non-federal funding sources. Cost sharing can be mandatory by statute or program requirements as a condition of the award. If cost sharing is specified and quantified in the proposal budget, budget justification, or budget narrative by the University, the institution is committed even when not required by the sponsor. Cost incurred by the University to fulfill cost sharing pledges or commitments must coincide with the budget period of the sponsor award.

Mandatory

Mandatory cost sharing means there is a requirement by the sponsor for non-federal participation in the costs of the federally supported activity. A cost sharing requirement may specify either a minimum fixed percentage of non-federal funds or a level of non-federal participation that has been negotiated between the University and the federal sponsor.

Committed

Committed cost sharing is a contribution of effort or other costs, which are quantified in the proposal budget, budget justification, or budget narrative, but are not required by the sponsor as a condition of the award. A common example of committed cost sharing is when a faculty member identifies cost sharing on the budget page, budget justification, or budget narrative of their proposal by proposing a percentage of their effort without any corresponding request for funding. The University policy is to provide cost sharing only when required by agency guidelines, delineated in specific program announcements or necessary due to the competitive nature of the proposal (i.e., considered as part of the proposal evaluation process). Cost sharing from departmental or school resources

redirects funds from instruction or other activities to sponsored agreements. The University discourages cost sharing commitments when not required by the sponsor.

Beginning in January 1, 1998, the University was required to comply with new federal Cost Accounting Standards (CAS). Please refer to the Sponsored Research Direct Costing Policy for additional information. Included under this standard is the requirement to document all mandatory cost sharing requirements or committed cost sharing quantified in the proposal. Therefore, mandatory and committed cost sharing budgets and effort percentages will be printed on the University Effort Certification form.

It is institutional policy that cost sharing is only be quantified in the budget, budget justification, or budget narrative of a sponsored proposal – not in the proposal body or narrative. In addition, cost sharing should only be quantified if it is significant. If personnel have been asked to perform effort occasionally for an undetermined but incidental amount of time on a grant proposal, a description, such as “participate in the design of test methodologies” or the term “as needed”, should be used in the proposal instead of dollars and/or percentages. This is not considered committed cost sharing and will not be tracked or reported. Cost sharing does not need to be reported or documented if it is not quantified in the proposal.

Non-Effort Cost Sharing

Occasionally, it may be necessary to identify University contributions other than effort to satisfy cost sharing requirements or to disclose accurately the total cost of a project. These contributions may include supplies or equipment used for the project and purchased during the period of the award from non-federal funds. Cost sharing contributions may be commitments from third parties or from sub-recipients. Again, if non-effort cost sharing is incidental, do not quantify it in the proposal. For example, equipment could be listed as “available for use”, without placing a dollar amount in the proposal.

Criteria for Allowability of Cost Share

To be acceptable to be used as cost sharing an expenditure must satisfy all of the following criteria:

- A. be verifiable from official University records;
- B. not be used as cost sharing for any other sponsored program;
- C. be necessary and reasonable for proper and efficient accomplishment of project objectives;
- D. be allowable under the applicable cost principles, OMB Circular A-21 (Refer to the “Direct Costing Policy for Sponsored Research”
- E. be itemized in the approved budget if this is a requirement of the sponsor; and
- F. be incurred during the effective dates of the grant or contract.

Administrative salaries and office supplies are generally unallowable as direct costs; therefore, they are not appropriate for cost sharing (see the Sponsored Research Direct Costing Policy for additional information). Usually, it is unacceptable to claim a portion of the salary of secretarial or administrative as cost sharing since such services are ordinarily

included under departmental administration in the University's indirect cost rates. Other costs that cannot be used as cost sharing are expenses that have been used as cost sharing on other federally sponsored projects, or costs that are unallowable as direct costs on the sponsored project.

Reason for Policy

Cost sharing is often a requirement of federal and state grants, and occasionally required for proposals to private funders. It is the policy of the University to only make a cost sharing commitment when required by the sponsor or by the competitive nature of the award and then to cost share only to the extent necessary to meet the specific requirements of the sponsored project.

Entities Affected by this Policy

This policy applies to all colleges, departments, units and personnel of the University involved in administering sponsored awards.

Project Directors, Key Personnel, and Departments are responsible for estimating the effort required to carry out the activities described in a proposal. Human Resources is responsible for providing information on To Be Named compensation estimates. The Office of Research and Sponsored Programs is responsible for ensuring costs proposed in proposals submitted on behalf of the University are consistent with the institution's costing compensation practices.

Web Address

To be completed by the President's Chief of Staff.

Related Documents

Implementation

Valuation of Cost Share Contributions

Cost share shall be valued in accordance with the applicable cost principles and the valuation guidance provided in OMB Circular A-110 which indicates,

(c) Values for recipient contributions of services and property shall be established in accordance with the applicable cost principles. If a Federal awarding agency authorizes recipients to donate buildings or land for construction/facilities acquisition projects or long-term use, the value of the donated property for cost sharing or matching shall be the lesser of (1) or (2).

(1) The certified value of the remaining life of the property recorded in the recipient's accounting records at the time of donation.

(2) The current fair market value. However, when there is sufficient justification, the Federal awarding agency may approve the use of the current fair market value of the donated property, even if it exceeds the certified value at the time of donation to the project.

(d) Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for volunteer services shall be consistent with those paid for similar work in the recipient's organization. In those instances in which the required skills are not found in the recipient organization, rates shall be consistent with those paid for similar work in the labor market in which the recipient competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.

(e) When an employer other than the recipient furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, but exclusive of overhead costs), provided these services are in the same skill for which the employee is normally paid.

(f) Donated supplies may include such items as expendable equipment, office supplies, laboratory supplies or workshop and classroom supplies. Value assessed to donated supplies included in the cost sharing or matching share shall be reasonable and shall not exceed the fair market value of the property at the time of the donation.

Revisions

If the need to revise a cost sharing commitment occurs after the commitment is documented in the Effort Certification system, and the commitment is simply moved from one quarter to another or cost sharing will occur during a no-cost extension, the PI or administrative personnel must notify Sponsored Research.

When an effort commitment is designated as cost sharing in a proposal, the commitment should be reviewed by the PI (both mandatory and/or committed) to assure that the contribution to the project still is within the 100% effort distribution that must be certified in Effort Certification reports. If changes to the amount committed for mandatory cost sharing are required, or in the cost sharing sources identified once an award is received, a revised cost sharing plan should be submitted to Sponsored Research for concurrence and forwarded to the awarding agency for approval, if required.

Reporting

Cost sharing from departmental or school resources redirects funds from instruction or other activities to sponsored agreements. A portion of an individual's appointment period salary devoted to a sponsored activity usually represents the University's share of costs for federal agreements from non-federal funds (plus related employee benefits and associated facilities and administrative costs).

When cost sharing is mandatory or committed it must be detailed on the Grant Transmittal Form. Faculty effort is reported to Sponsored Research and reflected on an individual's Effort Certification form. If institutional resources other than effort are to be committed, a companion account will need to be established and institutional funds debited to support documentation of the cost share. Third party cost share contributions of resources, other than cash, should be documented in writing from an authorized representative of the entity making the commitment and be based on either actual or fair market value, as appropriate.

The University is bound to meet sponsor cost sharing requirements. If it does not, the award will be reduced accordingly.

Questions concerning the applicability of cost sharing requirements to particular project should be directed to Research and Sponsored Programs.

Online Resources and Forms

It is the policy of Roosevelt University (RU, "the University") that all costs proposed or incurred on a sponsored project must comply with the [Federal Office of Budget and Management \(OMB\) Circular A21](#) (http://www.whitehouse.gov/omb/circulars_a021_2004) and Sponsor requirements for charging compensation costs to sponsored programs.

Appendices

OMB CIRCULAR A-21