

COST SHARING POLICY AND PROCEDURE STATEMENT

The purpose of this policy document is to ensure compliance with Federal Cost Sharing requirements as set forth in OMB Circulars A-21 and A-110. The document establishes procedures for recording cost shared expenditures in the University's accounting system. The policies described in this document are effective for new and renewal awards received on or after July 1, 2005.

Definition of Cost Sharing

Cost sharing is that portion of the total project cost of a sponsored agreement that is contributed by the University and/or other non-federal sources but not reimbursed by the sponsor. It may include salaries, fringe benefits, general expenses, Facilities and Administration (indirect) costs or third party contributions.

Mandatory cost sharing is required by the sponsor as a condition of obtaining an award. The requirement for such cost sharing is set forth in guidelines issued by the sponsor.

Voluntary committed cost sharing is a commitment by the University to participate in the cost of a project that is not required by the sponsor but which is included voluntarily in the University's proposal to the sponsor.

If cost sharing (whether mandatory or voluntarily committed) is subsequently accepted by the sponsor as a condition of the award, the University must maintain accurate records to verify that these funds have been expended toward the project's objectives.

Voluntary uncommitted cost sharing is not covered by this statement and should not be recorded in the University's accounting system. It is defined as "staff and faculty effort that is over and above that which is committed and explicitly budgeted in a sponsored agreement."

Cost Sharing Commitment on Proposals and Awards

When a proposal includes cost sharing, it must have the approval of the unit that provides the resources. The Project Director (PD) is responsible for ensuring that:

- At least 1% of Project Director effort is devoted to a **research** project and committed in the proposal, whether paid or not. This requirement does not apply to: equipment, dissertation, training grants or other awards intended as “student augmentation.”
- Fund source is identified for cost sharing at the time the proposal is submitted.
- Third party contribution is properly documented.
- Allowable, allocable, necessary and reasonable costs are incurred during the effective date of the award and are timely and accurately charged to the appropriate cost sharing account.
- Cost sharing cannot be paid from federal funds unless specifically authorized.
- During the life of the project, prior approval from the federal sponsor will be requested when effort committed by the Project Director is to be decreased by 25% or more. This applies to changes in committed levels of effort to be charged directly to the project, as well as to that which will be cost shared on the project.

Cost Sharing Documentation Procedures

A. Pre-Award Procedures:

1. When a proposal includes cost sharing from University sources, the proposal routing form (internal proposal review/approval form) submitted through the Office of Sponsored Programs (OSP) must indicate the funding source, include a detailed budget, and state the percent effort of key personnel if that information is not in the proposal budget.

2. When a project is awarded for an amount different from the proposed budget, the Project Director and OSP will work together to prepare a revised budget, including the revision in cost sharing.
3. OSP will notify the GCA staff as to whether the cost sharing is mandatory and if reporting is required.

B. Post-Award Procedures:

1. GCA will establish a companion cost sharing account along with the sponsor funded account as soon as notification from OSP is received.
2. GCA will monitor expenditures spent from the cost sharing account as well as from the grant/contract account. Both resources should be spent as the project progresses. The cost sharing account, like the externally sponsored account, will be closed 90 days after the end of the award period.
3. If cost sharing is not to be provided as proposed, or when effort committed by the Project Director is to be decreased by 25% or more of the total committed effort (grant account and cost sharing account), prior approval from the sponsor must be requested by the Project Director through OSP.
4. Allowable cost sharing may include: faculty, student or staff effort, fringe benefits, supplies, equipment, travel, other costs, subcontracts, tuition, the associated Facilities and Administration Costs and unrecovered Facilities and Administration Costs, in-kind, and third-party contributions. Existing University-owned equipment, university facilities or amounts in excess of FTE salaries should not be used for cost sharing.

5. If cost sharing obligations are met by a third-party, such as in-kind contributions (volunteer services), documentation in the form of a letter from the individual or organization should be obtained by the Project Director. Each letter should include: period of effort, amount and value of effort for each individual or labor category, breaking out salary and benefits, and a statement that the source of support for the effort is non-federal and not identified as cost sharing for another project. The Project Director must approve this letter, indicating that the contribution was received, and forward the approval to GCA.
6. Donated supplies, equipment, buildings, land or loaned equipment or space, and other contributions should be valued at the current fair market value or in accordance with the applicable cost principles. The Project Director is responsible for providing documentation acceptable to GCA.
7. When cost sharing is required from a subrecipient, it should be documented on subrecipient invoices. GCA will not authorize final subcontract payments until cost sharing requirements are met. The subrecipient cost sharing requirement should be included in the subcontract budget submitted through OSP.
8. GCA will report cost sharing, along with expenditure of sponsor funds as required by award terms, to the sponsoring agency.