COST SHARING: A GUIDE FOR ADMINISTRATORS

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Chapter 1 Introduction

Cost sharing is that portion of a sponsored program budget that is contributed by the institution and/or other nonfederal sources – it is not reimbursed by the sponsor. For the purpose of this guide, in accordance with Office of Management and Budget (OMB) 2 CFR Part 200, cost sharing also means “matching.”

Statement of Policy:
The RF must ensure that cost sharing requirements of sponsored agreements are proposed, accounted for, and reported in a manner consistent with the requirements of the sponsor and the RF. Federally funded projects must meet the requirements set forth Office of Management and Budget (OMB) 2 CFR Part 200.

Special Considerations:
For the use of mandatory, voluntary committed, and voluntary uncommitted cost sharing, the following applies:

- **Mandatory Cost Sharing** – Campuses should only provide cost sharing in a proposal when it is Mandatory, required in writing by the sponsor, specified in the program announcement, or identified as an award term and condition.

- **Voluntary Committed Cost Sharing** – Campuses should only provide voluntary committed cost sharing when it is a critical factor that will contribute to the proposal being competitive and approved for funding; and to the completion of the awarded project/scope-of-work. To potentially help lessen the sponsor requirement and administrative burdens associated with offering voluntary cost sharing, include this statement upfront in the proposal (e.g., budget/narrative): “Cost sharing offered on this project is considered voluntary uncommitted, the level of cost sharing is at the discretion of the recipient unless otherwise stipulated by the award terms and conditions.”

- **Voluntary Uncommitted Cost Sharing** – Campuses should discourage providing voluntary uncommitted cost sharing.

Cost sharing is estimated and monitored to:
- Comply with federal and sponsor requirements.
- Determine the potential contribution to sponsored programs so that resources are not overcommitted.
- Be included in billing and financial reporting documents during the award cycle.
- Estimate unpaid personal service for effort reporting.

Sponsor Specific Requirements

Sponsors, regardless of the entity (i.e., federal government, state government, private, business/industry) can have very specific and distinct requirements for allowability of cost sharing. Program announcements, solicitations, guidelines, and award terms and conditions should be reviewed to understand the specific requirements and level of commitment required.
Once an award is made **all** cost sharing commitments—either required by sponsor or stated in the proposal—are considered to be **mandatory** and become a binding obligation of the institution. Cost share amounts must be properly accounted for in the Research Foundation (RF) Business System.

1.1. **Purpose**

The information in this guide was developed to help administrative staffs comply with federal laws and regulations that are applicable to cost sharing.

A high-level, one-page “**Cost Sharing Basics for Principal Investigators**” was also developed to provide recommendations for cost sharing best practices. Administrators should share this with principal investigators (PIs) to help them understand the federal requirements, including: documenting and monitoring cost sharing.
Figure 1, The Breadth of Cost Sharing: Cost sharing touches many critical aspects of sponsored research administration. The arrows represent the dependence of the impacted areas on each other.
### 1.2. Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowable</td>
<td>The cost sharing expenditure must be allowable as specified by the federal government regulations and sponsoring agency.</td>
</tr>
<tr>
<td>Allocable</td>
<td>The cost sharing expenditure must be allocated to the sponsored award or activity based on the benefit derived, cause and effect, or other equitable relationship.</td>
</tr>
<tr>
<td>Compensation for personal services</td>
<td>All amounts currently paid or accrued by the institution for services of employees rendered during the sponsored program period of performance. These amounts include salaries, wages and fringe benefits.</td>
</tr>
<tr>
<td>Cost Account Standards (CAS)</td>
<td>A set of 19 federal government standards and rules for use in determining costs and assuring consistency and uniformity in the application of those costs by commercial contractors.</td>
</tr>
<tr>
<td>Cost Sharing or Matching</td>
<td>Cost sharing is that portion of a sponsored program budget that is contributed by the institution and/or other nonfederal sponsors—it is not reimbursed by the sponsor.</td>
</tr>
<tr>
<td>Facilities and Administrative (F&amp;A)</td>
<td>Costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored program, an instructional activity, or any instructional activity.</td>
</tr>
<tr>
<td>In-kind Contributions</td>
<td>A noncash contribution for which a cash value can be determined (e.g., volunteer services, equipment from a third party, supplies, real property).</td>
</tr>
<tr>
<td>Mandatory Cost Sharing</td>
<td>Is cost sharing that is a required condition of an award or agreed to by the institution and sponsor during sponsored agreement negotiation.</td>
</tr>
<tr>
<td>Other Than Personal Services (OTPS)</td>
<td>Items such as supplies or equipment that were donated or loaned to a sponsored program by the institution as a cost sharing contribution.</td>
</tr>
<tr>
<td>Reasonable</td>
<td>The cost sharing expenditure must be reasonable: the nature of the goods or services acquired or applied, and the amount involved, must reflect the action that a prudent person would take under the circumstances prevailing at the time the decision to incur the cost was made.</td>
</tr>
<tr>
<td>Sponsored Project</td>
<td>An externally funded activity that is separately budgeted and accounted for and governed by specific terms and conditions. Sponsored projects may be in the form of grants, contracts, or cooperative agreements for research, instruction, and public service activities.</td>
</tr>
<tr>
<td>Third Party Contributions</td>
<td>The contribution or donation of cash or services (e.g., volunteer services, equipment, supplies, real property) to an award.</td>
</tr>
<tr>
<td>Unrecovered F&amp;A Costs</td>
<td>Real costs of conducting research that must be borne by grantee institutions. Currently, grantee institutions performing federally sponsored projects can recover a maximum of 26 percent of administrative cost, per OMB circular A-21. The cap was established in 1991, and all administrative costs incurred above it represent de facto mandatory cost sharing because they must be absorbed by grantee institutions.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Voluntary Committed Cost Sharing</td>
<td>Is cost sharing that is not required by the sponsor, but proposed in the budget or narrative with no corresponding sponsor funding requested or awarded.</td>
</tr>
<tr>
<td>Voluntary Uncommitted Cost Sharing</td>
<td>Is cost sharing that is over and above that which is identified and budgeted for in a proposal and award.</td>
</tr>
</tbody>
</table>
Chapter 2  Types of Cost Sharing

Cost sharing occurs when the institution or a third party contributes toward the total direct cost or F&A cost of a sponsored program. Cost sharing types include:

- Personal service
- Other than personal service (OTPS)
- Third party and in-kind contributions
- Subrecipient cost sharing
- Cost sharing nonfederal sponsored programs for federal programs

2.1.  Personal Service
Personal service is the effort of the PI and/or employees devoted to the sponsored program. This effort, including employee benefits, may be cost shared if those costs are not charged directly to the sponsored program.

2.2.  Other than Personal Service (OTPS)
OTPS are items or other services that are donated or loaned to a sponsored program by the institution as a cost sharing contribution.

For Example
Buildings and land, equipment, space, supplies, third party and in-kind personal services, unrecovered F&A costs, volunteers and tuition.

2.3.  Third Party and In-Kind Contributions
Third party cost sharing is the contribution or donation of cash or services to a sponsored program by an external entity. Donations of cash from third parties may be used to fund salary and non-salary cost sharing commitments.

Third party in-kind contribution is a noncash contribution for which a cash value must be determined (e.g., volunteer services, equipment, supplies, real property).

2.4.  Subrecipient Cost Sharing
If a subrecipient voluntarily offers cost sharing in a proposal it becomes a commitment under the terms of the award and represents a binding obligation of the institution and the subrecipient. Federal government and sponsor-specific cost sharing requirements apply to subrecipients who make a cost sharing commitment in a proposal.
2.5. **Cost Sharing Nonfederal Sponsored Programs for Federal Programs**

Cost sharing of nonfederal sponsored programs must be determined and valued in accordance with federal government requirements, sponsor-specific requirements, and terms and conditions of the award.

- Only costs incurred during the project/performance period of the federal award can be included in the valuation for nonfederal cost sharing.
- The nonfederal sponsor must approve the use of its award as cost sharing.
- Funds from a nonfederal sponsor may be used for cost sharing only when approved by the federal sponsor. Approval must be documented.
- The nonfederal award should include specific terms to identify the cost sharing commitment. Approval must be documented.
- Make sure the same funds are not used to satisfy a cost sharing commitment on another award.
Chapter 3 Guidelines for Determining Mandatory and Voluntary Cost Sharing

Use the following table to determine if the cost sharing is mandatory, voluntary committed or voluntary uncommitted.

<table>
<thead>
<tr>
<th>The cost sharing is</th>
<th>If…</th>
</tr>
</thead>
</table>
| **Mandatory**                        | • Award terms and conditions specifically require cost sharing.  
                                          • There is a sponsor statutory requirement for cost sharing related to the award. |
| Is cost sharing that is a required condition of an award or agreed to by the institution and sponsor during sponsored agreement negotiation. |

**Voluntary Committed**

Is cost sharing that is not required by the sponsor, but proposed in the budget or narrative with no corresponding sponsor funding requested or awarded.

**Note:** Cost sharing that is identified voluntarily in the proposal becomes a binding financial commitment once the award is made.

- There are no sponsor terms and conditions or sponsor statutory obligations related to cost sharing, but cost sharing was included in the sponsor budget or the narrative portion of the award proposal.
- The sponsor terms and conditions or statutory obligations require cost sharing, but the cost sharing included in the proposal exceeds the requirement. As a result, the amount of cost sharing detailed in the sponsor budget or narrative will now become the amount that must be documented and monitored.

**Voluntary Uncommitted**

Is cost sharing that is over and above that which is identified and budgeted for in a proposal and award.

**Note:** Refer to Treatment of Voluntary Uncommitted Cost Sharing section below.

- There are no sponsor terms and conditions or statutory obligations related to cost sharing.
- After the award was received by the sponsor, cost sharing occurs.
3.1. **Treatment of Mandatory and Voluntary Committed Cost Sharing**

Most faculty effort on a sponsored award is either charged directly to the sponsor or is cost sharing that is offered and documented in the proposal (e.g., budget/narrative). Mandatory and voluntary committed cost sharing is treated the same as direct costs in that they must be properly documented and monitored as costs associated with the sponsored award.

3.2. **Treatment of Voluntary Uncommitted Cost Sharing Effort**

Voluntary uncommitted cost sharing is cost sharing that is over and above that which is identified and budgeted for in a proposal and award. OMB clarified the treatment of voluntary uncommitted cost sharing in the [OMB Memoranda 01-06 - Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Costs, dated January 05, 2001](https://example.com).

A percentage of effort is expected and should be documented for F&A purposes.
Chapter 4 Cost Criteria

All expenditures must follow the rules for allowability as stated in OMB 2 CFR Part 200 federal regulations. Expenditures must meet the following criteria in order to be charged as a direct cost of a sponsored research project no matter what its purpose. The following criteria are known as the Cost Accounting Standards (CAS)

- **Allowable** – The cost sharing expenditure must be allowable as specified by the federal government regulations and sponsoring agency.
- **Reasonable** – The cost sharing expenditure must be reasonable: the nature of the goods or services acquired or applied, and the amount involved, must reflect the action that a prudent person would take under the circumstances prevailing at the time the decision to incur the cost was made.
- **Allocable** – The cost sharing expenditure must be allocated to the sponsored award or activity based on the benefit derived, cause and effect, or other equitable relationship.

4.1. **Determining if a Cost is Allowable**

Costs are allowable as cost sharing if they meet all of the following criteria:

- Be adequately documented and verifiable from the recipient's records. Not included as contributions for any other federally-assisted project or program.
- Necessary and reasonable for proper and efficient accomplishment of project or program objectives.
- Allowable under the cost principles of OMB 2 CFR Part 200
- Not paid by the federal government under another award, except where authorized by federal statute to be used for cost sharing.
- Provided for in the approved budget when required by the federal awarding agency.
- Confirm to any limitations or exclusions sent out in principles of Subpart E or in the Federal award as to types and amount of cost item.
- Be consistent with policies and procedures that apply uniformly to all activities regardless of source of funds.
- Costs must be treated consistently regardless of source of funds.
- Be determined in accordance with Generally Accepted Accounting Practices (GAAP)

**Allowable Cost Sharing Costs**

Types of costs that are allowable for cost sharing purposes may include, but are not limited to:

- Personal costs, including volunteer services.
- Fringe benefits applicable to personal service cost sharing as identified in OMB 2 CFR Part 200 or included in the F&A proposal.
- Real and personal property, including supplies and equipment, incurred by the recipient as project costs that are not charged to the award.
- F&A costs on committed cost sharing.
- Project costs financed through contributions from nonfederal sources when they are approved by the nonfederal and federal sponsor.
- Unrecovered F&A costs, if prior sponsor approval is obtained.
- Third party cash and in-kind contributions that directly benefit an award. Tuition remission when the sponsor does not prohibit this expense as cost sharing.
4.2. Determining if a Cost is Reasonable
A cost may be considered reasonable if the nature of the goods or services acquired or applied, and the amount involved, reflect the action that a prudent person would take under the circumstances prevailing at the time the decision to incur the cost was made.

Considerations involved in determining the reasonableness of a cost are:

- Whether or not the cost is of a type generally recognized as necessary for the operation of the institution or the performance of the sponsored program.
- The restraints or requirements imposed by such factors as arm's length bargaining, federal and state laws and regulations, and sponsored program terms and conditions.
- Whether or not the individuals concerned acted with due prudence in the circumstances, considering their responsibilities to the institution, its employees, its students, the federal government, and the public at large.
- The extent to which the actions taken with respect to the incurrence of the cost are consistent with established institutional policies and practices applicable to the work of the institution generally, including sponsored programs.

4.3. Determining if a Cost is Allocable
A cost is allocable to an award if the goods or services involved:

- Are incurred specifically for the award.
- Benefit both the sponsored program and other work of the institution, in proportions that can be approximated through use of reasonable methods.
- Are necessary to the overall operation of the institution and, according to cost principles, deemed to be assignable in part to sponsored programs.

If a sponsored program specifically authorizes the purchase of equipment or other capital items than the purchase amounts for such items are assignable to the sponsored program regardless of their subsequent use.

4.4. Determining if Costs are Unallowable
It is essential that each item of cost incurred for the same purpose be treated consistently in like circumstances either as a direct or an indirect (F&A) cost in order to avoid double-charging of Federal awards. As a result, certain costs should be excluded from cost sharing unless prior approval is obtained from the sponsor or agency specific requirements and guidelines routinely allow inclusion of the costs.

Examples of Unallowable Costs

Examples of costs that should not be part of cost sharing may include, but are not limited to:

- Unrecovered F&A costs without prior sponsor approval.
- Excess F&A costs that are subsequently transferred into direct cost categories.
- All advertising and public relations costs other than as specified in OMB 2 CFR Part 200.
- Alcoholic beverages
- Alumni/activities
• Entertainment costs, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized in the approved budget for the federal award or have prior written approval of the federal awarding agency. Paid or unpaid effort that was included as cost sharing on another project.

• Funds from other federal awards may not be used as cost sharing on another federal award. The PI may use funds from nonfederal awards as the source of cost sharing on federal awards, when specifically allowed by the federal sponsor and by the nonfederal sponsor.

• SUNY facilities (e.g., laboratory space) may not be cost shared because these expenditures are included in the F&A rate.

• Salary dollars above a regulatory cap, e.g., the National Institutes of Health (NIH) has a salary cap that limits the salary amount that may be awarded.

• Administrative effort, including bid and proposal preparation, by faculty and department heads should not be included as cost sharing.

A complete list of unallowable costs is available in OMB 2 CFR Part 200
Chapter 5 Determining the Value of Cost Sharing

In general:

- Personnel rates (volunteer or otherwise) should be consistent with the services and titles applied to such services.
- The value of property, third party services, donated supplies, equipment, etc., must not exceed fair market values that are available from an unrelated (arm's length) third party.
- Computation of depreciation or use allowances should be based on the acquisition cost of the assets involved.
  - The acquisition cost of an asset donated by a third party shall be its fair market value at the time of the donation.

Document how the value of cash and in-kind contributions is determined. The following table provides specific information about determining the value of cost sharing.

**Note:** The allowability of some of these costs is contingent on whether or not the items are included in the campus F&A base.

<table>
<thead>
<tr>
<th>Shared Cost</th>
<th>Determining the Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and Land</td>
<td>The method for determining the value of donated buildings and land for which title passes to the institution depends on the purpose of the award:</td>
</tr>
<tr>
<td></td>
<td>- If the purpose of the award is to assist the institution in the acquisition of equipment, buildings, or land, the total value of the donated property may be claimed as cost sharing.</td>
</tr>
<tr>
<td></td>
<td>- If the purpose of the award is to support activities that require the use of equipment, buildings, or land, then normally only the depreciation or use charges for equipment and buildings may be made. However, the full value of the equipment or other capital assets and fair rental charges for land may be allowed, provided that the federal sponsor has approved the charges.</td>
</tr>
<tr>
<td></td>
<td>The value for donated buildings or land must not exceed the item's fair market value at the time of donation as established by an independent appraiser and certified by a designated institutional official. The value of the donated property for cost sharing must be the lesser of (1) or (2).</td>
</tr>
<tr>
<td></td>
<td>1. The certified value of the remaining life of the property recorded in the institution’s accounting records at the time of donation.</td>
</tr>
<tr>
<td></td>
<td>2. The current fair market value. However, when there is sufficient justification, the federal sponsor 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.</td>
</tr>
<tr>
<td></td>
<td><strong>Note:</strong> If you need to cost share buildings or land please contact your campus sponsored programs office for assistance.</td>
</tr>
<tr>
<td>Equipment</td>
<td>The method for determining the value of donated equipment for which title passes to the institution depends on the purpose of the award:</td>
</tr>
<tr>
<td>Shared Cost</td>
<td>Determining the Value</td>
</tr>
<tr>
<td>---------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>• If the purpose of the award is to assist the recipient in the acquisition of equipment, buildings, or land, the total value of the donated property may be claimed as cost sharing.</td>
</tr>
<tr>
<td></td>
<td>• If the purpose of the award is to support activities that require the use of equipment, buildings, or land, then normally only depreciation or use charges for equipment and buildings may be made. However, the full value of the equipment or other capital assets and fair rental charges for land may be allowed provided that the federal sponsor approved the charges.</td>
</tr>
<tr>
<td></td>
<td>The value of donated equipment shall not exceed the fair market value of equipment of the same age and condition at the time of donation. The value of loaned equipment shall not exceed its fair rental value.</td>
</tr>
</tbody>
</table>
|                     | **Depreciation**                                                                                       
|                     | Unless specifically approved by the sponsor (usually in response to justification provided in the sponsor budget explanation), only depreciation charges for equipment purchased with nonfederal funds may be claimed as cost sharing on awards to support activities that require the use of the equipment. Depreciation charges for equipment purchased prior to the start date of the project may be included. |
|                     | **Space**                                                                                           
|                     | Cost of space is normally F&A so the value of donated space, generally space not owned or controlled by the institution, must not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately owned building in the same locality. |
|                     | **Supplies**                                                                                         
|                     | Donated supplies that can be charged to the award may include but are not limited to: expendable equipment and office, laboratory, workshop, or classroom supplies. Value assigned to donated project supplies included in cost sharing shall be reasonable and must not exceed the fair market value of the property at the time of the donation. |
|                     | **Third Party and In-Kind Personal Services**                                                          
<p>|                     | Third party cost sharing is the contribution of cash or services to a sponsored program. Donations of cash from third parties may be used to fund salary and nonsalary cost sharing commitments.                                                                 |
|                     | Third party in-kind contributions are noncash contributions for which a cash value can be determined (e.g., volunteer services, equipment, equipment from a third party, supplies, real property). |
|                     | An amount of fringe benefits that is reasonable, allowable and allocable may be included, exclusive of overhead costs.                                                                                                                                                                           |
| Unrecovered F&amp;A costs | May be included as part of cost sharing only with prior approval of the federal sponsor, and must be consistent with the F&amp;A applied to the sponsored award.                                                                                                                         |</p>
<table>
<thead>
<tr>
<th>Shared Cost</th>
<th>Determining the Value</th>
</tr>
</thead>
</table>
| Volunteers | Volunteer services may be counted as cost sharing if the service is an integral and necessary part of an approved project or program. The value of personal service contributed by volunteers is calculated using rates consistent with those paid for similar work. The rates must be consistent with those paid for similar services within the labor market in which the recipient competes for the kind of services involved.  

Paid fringe benefits that are reasonable, allowable and allocable may be included in the valuation. |
| Tuition     | Tuition remission and other forms of reasonable support that are associated with student status and provided to individuals participating in the necessary work of a sponsored program may be used as cost sharing provided that:  

1. The sponsor does not prohibit tuition to be used as cost sharing on the award.  
2. The individual is conducting activities necessary to the sponsored agreement.  
3. Tuition remission and other support are provided in accordance with established educational institutional policy and consistently provided in a like manner to students in return for similar activities conducted in nonsponsored as well as sponsored activities.  
4. During the academic period, the student is enrolled in an advanced degree program at a grantee or affiliated institution and the activities of the student in relation to the sponsored program are related to the degree program.  
5. The tuition or other payments are reasonable compensation for the work performed and are conditioned explicitly upon the performance of necessary work.  
6. It is the institution’s practice to similarly compensate students in nonsponsored as well as sponsored activities.  

The value of tuition is calculated using rates consistent with those charged by the institution providing the instruction. |
Chapter 6 Cost Sharing Roles and Responsibilities

This diagram provides a high-level overview of the roles and responsibilities during a typical cost sharing life cycle. Specific roles and responsibilities may vary by campus.

**Principal Investigator**
- Consider including cost sharing only when it is mandatory [Chapter 7]
- Evaluate the workload, resource and budget implications [Chapter 7]
- Consider creating a separate cost sharing budget [Chapter 7]
- Assure cost sharing commitment is met [Chapter 9]

**Pre-Award Office**
- Validate cost sharing requirement and identified resources
- Properly determine and document the value of cost sharing resources [Chapter 5]
- Obtain appropriate campus approvals for cost sharing commitment [Chapter 7]
- Submit proposal
- Share cost sharing information with account establishment and post award offices

**Post Award**
- Accumulate, monitor and report, if necessary, cost sharing commitments
- Provide cost sharing information to the sponsor during the invoicing process
- Review invoices to confirm subrecipients are meeting cost sharing commitments
- Work with PIs to monitor cost sharing using the Oracle business applications

**Account Establishment** [Chapter 8]
- Enter cost sharing information in Oracle
- Enter proper cost sharing value in the Award Management DFF
- Assure proper NACUBO code
- Complete Cost Sharing/Matching Information form in Oracle
- Establish cost share awards for all sponsored awards with mandatory, voluntary committed or voluntary uncommitted cost sharing

**Communication and Collaboration**
Roles and Responsibilities

In accordance with the RF Cost Sharing Policy the following table identifies the responsibilities for compliance with this policy:

<table>
<thead>
<tr>
<th>The following responsibilities apply to the principal investigator:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Understand and apply the federal government, sponsor-specific, campus, and RF requirements for cost sharing on proposals/awards.</td>
</tr>
<tr>
<td>• Determine the acceptability for including the offer of cost sharing in external proposals to sponsors.</td>
</tr>
<tr>
<td>• Understand that a cost sharing expenditure must meet the same requirements for cost criteria that apply to any direct or indirect cost expenditure made on an award.</td>
</tr>
<tr>
<td>• Determine and provide the appropriate resources in relation to the proposal/award budget and project/scope-of-work.</td>
</tr>
<tr>
<td>• Consider providing cost sharing only when it is mandatory – required by the sponsor in writing.</td>
</tr>
<tr>
<td>• Evaluate providing voluntary cost sharing – based on the needs of the proposal/award, the project/scope-of-work, the critical factors associated with proposal competitiveness for successful funding, and the available campus resources.</td>
</tr>
</tbody>
</table>

The following responsibilities apply to various other campus roles (e.g., deans, provosts, department chairs/directors/administrators, institutional officials, operations managers, vice presidents for research) depending on the campus specific structure:

| • Understand and apply the federal government, sponsor-specific, campus, and RF requirements for cost sharing on proposals/awards. |
| • Determine the acceptability for including the offer of cost sharing in external proposals to sponsors. |
| • Review and approve cost sharing offered in a proposal to ensure reasonableness with the allocation in relation to the budget and project/scope-of-work. |
| • Ensure that cost sharing offered does not conflict with any cost sharing offered on other proposals/awards, and/or with the academic and other institutional responsibilities of the principal investigator. |
| • Review and submit proposals and accept awards to ensure that cost sharing commitments are in accordance with the federal government requirements for cost criteria. |

The following responsibilities apply to campus sponsored program offices (e.g., pre-award, account establishment, post award) depending on the campus specific structure:

| • Understand and apply the federal government, sponsor-specific, campus, and RF requirements for cost sharing on proposals/awards. |
| • Develop a separate cost sharing budget for proposal submission. |
| • Determine and apply the special considerations/recommendations for voluntary committed and voluntary uncommitted cost sharing, as appropriate. |
| • Review and submit proposals and accept awards to ensure that cost sharing |
commitments are in accordance with the federal government requirements for cost
criteria.

- Document, monitor, and report cost sharing in accordance with the federal government
  requirements throughout the life of the award – and to ensure the cost sharing is met.
Chapter 7 Proposal Considerations

Federal agencies regard any cost sharing offered in a proposal—including the proposal narrative—as mandatory once a sponsored award is funded:

- It becomes a binding obligation and must be documented and reported.
- The value of cost sharing must be verifiable through auditable records for both personal and OTPS whether cost sharing is mandatory or not.

7.1. Mandatory vs. Voluntary Cost Sharing

In accordance with the RF Cost Sharing Policy the sponsor and program-specific requirements should be reviewed to determine if cost sharing is required. Some sponsors and/or programs have mandatory levels for cost sharing; some encourage cost sharing without mandating a level; and others do not mention cost sharing at all.

7.2. Budgeting for Cost Sharing

Determine at the proposal stage whether or not the cost sharing commitment can be fulfilled during the performance of the award and if it can be substantiated through documentation. A separate cost sharing budget is a tool that can be used to clearly identify and describe the sources of cost sharing.

When including cost sharing in a sponsor and/or cost sharing budget, consider the following actions to develop a thorough and complete budget for the proposal:

- Review the sponsor program guidelines/solicitation to determine if cost sharing is required.
- Identify that all cost sharing commitments can be met.
  - Consider keeping the cost sharing at a reasonable level due to the potential burden it places on campus and/or departmental resources.
- Develop a cost sharing budget with the same level of detail as the sponsor budget:
  - Consider developing the cost sharing budget in dollars versus percentages— to clearly identify and document the amount of the contribution.
  - Provide a description of the cost sharing (e.g., third party, in-kind contributions, OTPS).
  - Apply the same F&A rate to the sponsor budget and the cost sharing budget.
  - Determine if the costs are allowable—Refer to Chapter 4.1, Determining if a Cost is Allowable, and Chapter 4.4, Determining if Costs are Unallowable, for additional information.
  - Determine the value of cost sharing—Refer to Chapter 5, Determining the Value of Cost Sharing, for additional information.
- Consider identifying the dollar amount of the cost sharing commitment only in the budget—not in the proposal narrative.
• Consider obtaining letters of commitment from subrecipients and/or third parties that are budgeted as sources of cost sharing.
• Consider including cost sharing questions on the proposal review/signature form to document the decision-making regarding the commitment.
Chapter 8 RF Business Applications

8.1. System Changes
The following changes were implemented to the Oracle business applications to automate monitoring of cost sharing commitments.

8.1.01. Cost Sharing/Matching Information Field
A required Cost Sharing/Matching Information field was added to the Award Management Descriptive Flexfield form (DFF) for sponsored awards to indicate the cost sharing type for federal, federal flow-through, nonfederal and foreign awards:

- Mandatory
- None
- Voluntary committed
- Voluntary uncommitted

Complete these fields on the Award Management DFF for sponsored awards with an award type of federal, federal flow-through, nonfederal and foreign awards:
Field Name | Action
---|---
NACUBO | Enter the appropriate National Association of College and University Business Officers (NACUBO) funding code.

**Note:** For F&A rate development purposes the NACUBO code should be the same for the prime award and any corresponding cost sharing or matching awards when possible.

| Cost Sharing/Matching Information | Enter one of the following:
|---|---
| Mandatory | Is cost sharing that is a required condition of an award or agreed to by the institution and sponsor during sponsored agreement negotiation.
| None | Cost sharing is not required.
| Voluntary Committed | Is cost sharing that is not required by the sponsor, but proposed in the budget or narrative with no corresponding sponsor funding requested or awarded.
| Voluntary Uncommitted | Is cost sharing that is over and above that which is identified and budgeted for in a proposal and award.

8.1.02. Cost Sharing/Matching Information Form

A Cost Sharing/Matching Information form was added to link sponsored awards with cost sharing and matching awards:

- Available from the new Cost Sharing/Matching Information button that was added to the Award Management form for the sponsored award.
- Campuses should use this form to record the cost sharing and matching awards that are affiliated with a sponsored award.

**Completing the Cost Sharing/Matching Information Form**

1. Open the Award Management form for the sponsored award.
2. Click the Cost Sharing/Matching Information button to open the Cost Sharing/Matching Information form.
3. Enter the following fields:
<table>
<thead>
<tr>
<th>Field Name</th>
<th>Action</th>
</tr>
</thead>
</table>
| Cost Sharing/Matching Information | Oracle will automatically fill in the type of cost sharing for the sponsored award:  
  - Mandatory  
  - Voluntary Committed  
  - Voluntary Uncommitted |
| Award Number                   | Enter the cost sharing/matching award number.                          |
|                                | **Note:** If there are multiple cost sharing/matching awards use a new line for each award. |
| Project Number                 | Enter the cost sharing/matching project number.                        |
| Task Number                    | Enter the cost sharing/matching task number.                           |
| Task Budget                    | Oracle will automatically fill in the task budget.                     |
| Task Budget Commitment Amount  | Oracle will automatically fill in the task budget amount. If only part of the budget should be used towards the commitment you may change the dollar amount to reflect the commitment amount. |
| Task Start Date                | Oracle will automatically fill in the task start date.                 |
| Task End Date                  | Oracle will automatically fill in the task end date.                   |
| Commitment Active Y/N          | The default value for this field is Y (yes). Enter N (no) if this line should not be active. |
| Inactive Reason                | If you entered N in the Commitment Active Y/N field you need to explain why the line should not be active. This is a free form text field with an 80 character limit.  
  **For Example:** Incorrect award, project or task information was entered. |
|                                | **Note:** Remember to enter the correct information on a separate line if needed. |

**Notes:**
- Oracle will validate the award/project/task numbers to verify that they are valid.
- You will not be able to enter a closed award/project/task.

**8.1.03. Cost Sharing/Matching Inquiry**
An inquiry was added to cost sharing and matching awards to view the affiliated sponsored award:
- Available from the new **Cost Sharing/Matching Information** button that was added to the **Award Management** form for the cost sharing and/or matching award(s).
- Campuses should view this inquiry if they need to see the sponsored award that is linked to the cost sharing or matching award.
Viewing the Cost Sharing/Matching Information Form

1. Open the Award Management form for the cost sharing award.
2. Click the Cost Sharing/Matching Information button to open the Cost Sharing/Matching Information form.
3. The Cost Sharing/Matching Information form will open.

<table>
<thead>
<tr>
<th>Field Name</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Related Sponsor Award Number</td>
<td>The number of the sponsor award that is linked to the cost share award.</td>
</tr>
<tr>
<td>Award Status</td>
<td>Indicates if the award is active, on-hold or closed.</td>
</tr>
<tr>
<td>Cost Sharing/Matching Information</td>
<td>Indicates the type of cost sharing for the sponsored award:</td>
</tr>
<tr>
<td></td>
<td>• Mandatory</td>
</tr>
<tr>
<td></td>
<td>• Voluntary Committed</td>
</tr>
<tr>
<td></td>
<td>• Voluntary Uncommitted</td>
</tr>
<tr>
<td>Sponsor</td>
<td>The name of the award sponsor.</td>
</tr>
<tr>
<td></td>
<td><strong>For Example:</strong> National Science Foundation</td>
</tr>
<tr>
<td>Award Principal Investigator</td>
<td>The name of the principal investigator responsible for the award.</td>
</tr>
<tr>
<td>Commitment Active Y/N</td>
<td>Y (yes) indicates an active commitment and N (no) indicates a commitment that is not active.</td>
</tr>
<tr>
<td>Inactive Reason</td>
<td>The reason a line is not active. This is a free form text field with an 80 character limit.</td>
</tr>
<tr>
<td></td>
<td><strong>For Example:</strong> Incorrect award, project or task information was entered.</td>
</tr>
</tbody>
</table>
8.2. How to Create a Cost Share Award

Campuses should establish a cost share award for all sponsored awards with mandatory, voluntary committed or voluntary uncommitted cost sharing.

8.2.01. Scenarios for Establishing Cost Share Awards

Note: Sponsored Awards will be referred to as the parent award and the cost share award will be referred to as the child award.

<table>
<thead>
<tr>
<th>Scenarios</th>
<th>Sponsored Award (Parent)</th>
<th>Cost Sharing Award (Child)</th>
<th>Examples</th>
</tr>
</thead>
</table>
| New Sponsored Award Requiring Cost Sharing    | New award, project and task number.              | New award, same project as parent, establish a new task. | Parent Award: 72222  
Parent Project: 1024568  
Parent Task: 1  
Child Award: 72223  
Child Project: 1024568  
Child Task: 2 |
| Extending a Sponsored Award with Committed Support | Extend the end date of the award, project, tasks and installments. | Extend the end date of the award and project; establish a new task. | Parent Award: 72222  
Parent Project: 1024568  
Parent Task: 1  
Child Award: 72223  
Child Project: 1024568  
Child Task: 3 |
| Renewal of Sponsored Award                    | New award, new or same project as prior year, new task number. | New award, same project as parent, establish a new task. | Parent Award: 72223  
Parent Project: 1024568  
Parent Task: 4  
Child Award: 72245  
Child Project: 1024568  
Child Task: 5 |

8.2.02. Establishing the Cost Share Award

Enter these values on the Award Quick Entry form:

<table>
<thead>
<tr>
<th>Field Name</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Source Name</td>
<td>Enter SUNY Cost Share.</td>
</tr>
<tr>
<td>Award Type</td>
<td>Enter Non-Sponsored.</td>
</tr>
<tr>
<td>Purpose</td>
<td>Enter Cost Sharing.</td>
</tr>
<tr>
<td>Revenue Distribution Rule</td>
<td>Enter Event.</td>
</tr>
<tr>
<td>Billing Distribution Rule</td>
<td>Enter Event.</td>
</tr>
<tr>
<td>Allowed Cost Schedule</td>
<td>Enter CS Expenditure Types.</td>
</tr>
</tbody>
</table>

Note: Cost share awards are established as event based for the Billing Distribution Rule and Revenue Distribution Rule so that revenue and invoicing is not generated when expenditures occur. No events should be entered.

(Refer to the Create an Award process help for more information about establishing awards.)
8.3. **Cost Share Budgets**

8.3.01. **Cost Share Budgets for Mandatory and Voluntary Committed Cost Sharing**

Establish a cost share award with a budget for the defined amount of cost sharing for all sponsored awards with mandatory and voluntary committed cost sharing using the budget included in the proposal with the appropriate cost sharing expenditure types (refer to the [Create a Budget process help](#)).

The cost share budget allows for the tracking of actual cost sharing expenditures against the required amount of cost sharing insuring that the commitment is being met. The budget for a cost share award is the estimated cost sharing amount included in the proposal.

Cost share budgets could include the following:

- Total of each person’s annual salary multiplied by their percent of effort.
- Fringe benefits calculated on the person’s salary using the appropriate SUNY/IFR rate (NYS rate). For rates refer to: [Fringe Benefit Rates](#).
- OTPS costs should be budgeted in the appropriate cost share expenditure types.
- Budget appropriate F&A costs using the expenditure type **CSO Cost Share F & A**
- If F & A is waived on the sponsored award—but is used as cost sharing—that amount is budgeted for in the cost share award using the expenditure type **CSO Cost Share Unrec F and A**.

8.3.02. **Cost Share Budgets for Committed Effort**

- Most Federally-funded research programs should have some level of committed faculty (or senior researcher’s effort). These awards can be established with a $1.00 budget.

8.3.03 – **Cost Share Budgets for Voluntary Uncommitted Cost Sharing**

- Budgets can be established for $1.00

8.4. **Cost Shared SUNY Salaries**

A participant can be given an assignment in the Oracle Human Resources module with an organization of **SUNY IFR Cost Sharing** after a project, task and award that accepts cost sharing expenditures is set up in Oracle. Establish a labor schedule in the Labor Distribution (LD) module to distribute a percentage of the participant’s salary to a cost sharing expenditure type, e.g., **CSS Cost Share Sal Regular**. Certify the distribution of the salary or wage via the ECRT System.

**Notes:**

- These actions cannot happen until a cost share award is established.
- For cost sharing involving multiple entities the campus with the subaward should enter their own cost sharing expenditures to their project and task.
8.5. **OTPS Expenses**
Other than personal service (OTPS) expenses are entered through pre-approved batches as "usage charges." Amounts for OTPS will be determined from the source documentation (e.g., a purchase order) from SUNY. Refer to the [Enter OTPS Cost Share Expenditures Through Pre-Approved Batches process help](#).

8.6. **Cost Shared F&A**
Cost-shared F&A is generated by applying the appropriate burden schedule to the award. This calculates burdening as direct costs are applied. Also, unrecovered F&A (e.g., waived F&A costs) can be applied by entering manual F&A charges through pre-approved batches as "usage charges." Refer to the [Adjust Burden Cost (F&A, Agency Fees, and Fringe Benefits) process help](#).
Chapter 9  Documenting, Monitoring and Reporting Cost Sharing

9.1. Documenting Cost Sharing

Cost sharing is documented to:
- Comply with the guidance in OMB 2 CFR, Part 200
- Comply with sponsor requirements.
- Report cost sharing amounts to sponsors.
- Assist in calculating and documenting F&A rates in accordance with OMB 2 CFR Part 200.
- Compile information on estimated, actual and total costs.
- Provide the institution with information on the total cost of conducting sponsored programs.

As soon as cost sharing (mandatory or voluntary committed) is accepted by the sponsor it becomes a commitment of the institution. Sufficient documentation must be maintained throughout the project life to substantiate the actual cost sharing contribution and to report the cost sharing to the funding agency, regardless if required.

The specific type of documentation required is based on the terms and conditions of the sponsored award.

9.2. Monitoring Cost Sharing

Monitoring cost sharing awards is required for consistent reporting to our sponsors, developing F&A rate proposals, and for effort reporting. Once cost sharing is committed there is an obligation to monitor it—including subrecipient cost sharing—through the life of the award to prevent an over- or under-contribution of the commitment:
- Over-contributing cost sharing may prevent the use of campus funds for meeting commitments on other awards.
- Under-contributing cost sharing may result in the sponsor reducing the amount of the award.

For cost sharing involving multiple entities (e.g., campus, department, third party) it is the responsibility of the campus that administers the award to monitor and advise all entities involved about compliance with the cost sharing terms of the sponsored award.

Campus Monitoring
It is important that monitoring is done before effort statements are certified so the information displayed on the effort statement is accurate and complete.

Each campus should establish a basic template that would include notes for monitoring cost sharing commitments.
9.3. Cost Sharing Monitoring Reports

These responsibilities are required for monitoring:

- At least one of the following Oracle responsibilities: ORG Account Establishment Administrator, ORG Account Establishment Specialist with Budget Approval, ORG Grants Inquiry and ORG OGM Billing Specialist.

Below are the reports available for campus and RF central office award establishment monitoring:

<table>
<thead>
<tr>
<th>Report/Query Name</th>
<th>Definition</th>
<th>Responsible Party</th>
<th>Action Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>RF Cost Share Monitoring Report (Award Missing Cost</td>
<td>This Oracle report lists sponsored awards with mandatory, voluntary</td>
<td>Decentralized campuses&lt;br&gt;Central office award establishment staff for centralized</td>
<td>Review the sponsor agreement to determine if cost sharing or matching awards are needed:&lt;br&gt;- If yes, enter the award number in the Cost Sharing/Matching Information form.&lt;br&gt;- If no, change the value in the Cost Sharing/Matching Information field to None. This should be done on a monthly basis.</td>
</tr>
<tr>
<td>Sharing Companion)</td>
<td>committed and voluntary uncommitted cost sharing that are missing</td>
<td>campuses&lt;br&gt;Central office award establishment staff for centralized campuses</td>
<td></td>
</tr>
<tr>
<td></td>
<td>companion cost sharing awards.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>**Cost Share Monitoring Report-Award Award Missing</td>
<td>The Report Center query provides the same information as the RF Cost Share</td>
<td>Decentralized campuses&lt;br&gt;Central office award establishment staff for centralized</td>
<td>Review the sponsor agreement to determine if cost sharing or matching awards are needed:&lt;br&gt;- If yes, enter the award number in the Cost Sharing/Matching</td>
</tr>
<tr>
<td>Cost Sharing Companion)</td>
<td>Monitoring Oracle report.</td>
<td>campuses&lt;br&gt;Central office award establishment staff for centralized campuses</td>
<td></td>
</tr>
<tr>
<td>Report/Query Name</td>
<td>Definition</td>
<td>Responsible Party</td>
<td>Action Required</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>RF Cost Share/Match Commitment Monitoring Report</td>
<td>This Oracle report provides a snapshot of the cost share budget and expenditures.</td>
<td>• Decentralized Campuses&lt;br&gt;• Central office sponsored program staff for centralized campuses&lt;br&gt;• Campus post award staff for centralized campuses</td>
<td>Review the report to determine if budget and expenditures on cost sharing/matching awards are meeting the sponsor commitment. If not, contact appropriate campus staff to resolve.&lt;br&gt;This should be done quarterly based on sponsor requirements&lt;br&gt;&lt;br&gt;Note: This monitoring is not needed for voluntary uncommitted cost sharing.</td>
</tr>
<tr>
<td>Refer to: [Cost Share/Match Commitment Monitoring - RF (Report Help)]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost Share/Match Commitment Monitoring Report</td>
<td>The Report Center query provides the same information as the RF Cost Share/Match Monitoring report.</td>
<td>• Decentralized Campuses&lt;br&gt;• Central office sponsored program staff for centralized campuses&lt;br&gt;• Campus post award staff for centralized campuses</td>
<td>Review the report to determine if budget and expenditures on cost sharing/matching awards are meeting the sponsor commitment. If not, contact appropriate campus staff to resolve.&lt;br&gt;This should be done quarterly based on sponsor requirements&lt;br&gt;&lt;br&gt;Note: This monitoring is not needed for voluntary uncommitted cost sharing.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
9.4. Monitoring Tools

Below are other monitoring tools that provide detailed budget and expenditure information for additional cost sharing monitoring:

- Grant Sum Report
- RF Award Summary Inquiry (RFASI)
- RF Project Summary Inquiry (RFASI)
- Dashboard

Refer to Chapter 9, RF Business Applications, for additional information.

9.5. Reporting Cost Sharing

Once a sponsored award is funded by a sponsor any cost sharing commitment is a binding obligation. Cost share reporting requirements vary by sponsor, e.g., a sponsor may want cost sharing information provided during the invoicing process or as part of the final report. Refer to the award terms and conditions to determine the reporting requirements for cost sharing.

The required cost sharing documentation must comply with the sponsor’s and the RF’s record retention requirements.
Chapter 10 Compliance Considerations

The following topics address compliance areas related to cost sharing.

10.1. When a campus cannot meet a cost sharing commitment

Awards with cost sharing commitments should be monitored to determine if those requirements are met. If the commitment will not be met the sponsor should be contacted in writing to request a budget modification or award amendment.

- If the sponsor is contacted during the project and adequate, documented justification is provided the sponsor is generally willing to consider the change.
- If the sponsor is contacted after the award ends the sponsor is unlikely to consider the request.
- If the cost sharing requirement cannot be met the sponsor may disallow (not pay) costs.

10.2. Audit

Auditors must be able to verify that funds committed to cost sharing or in-kind contributions were provided. Appropriate documentation should be maintained in accordance with the cost sharing criteria in OMB 2 CFR Part 200.

- Audit vulnerability.
- Negative outcomes on the award close-out—such as expenditures not being approved and a reduction in the award amount.

Cost sharing commitments are subject to audit, and recent examples of cost sharing findings include:

- Accounting systems not capturing cost sharing identified for a particular project.
- Failure to keep adequate documentation for committed cost sharing.
- Unclear valuation of third party in-kind contributions.
- Lack of support for cost sharing contributions by subrecipients.
Chapter 11   Facilities and Administrative Rates—Impact of Cost Sharing

F&A costs are those incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. The federal government reimburses the institution for these costs through the F&A rate.

11.1. F&A Calculation Impacts
The RF develops and negotiates F&A rates for campus locations. There are two different rate development forms:

- **Short form**: Used for locations with less than $10 million in federal research. These campuses generally have a salary and wage (S&W) base and cost sharing is not included in the F&A rate calculation.
- **Long form**: Used for locations with more than $10 million in federal research. These locations generally use a modified total direct cost (MTDC) base to determine what expenditures are included in the F&A rate calculation. The total amount of salary and nonsalary cost sharing (mandatory and voluntary committed) offered by the campus must be included in the F&A rate calculation. This in turn may decrease the overall F&A rate recovered by the campus.

To avoid decreasing the F&A rate consider not including cost sharing unless it is required by the sponsor (mandatory).

**For Example**
As illustrated below, including cost sharing in the base for MTDC long form schools reduces the campus’s F&A rate and subsequently its F&A recovery.

<table>
<thead>
<tr>
<th>F&amp;A Rate Calculation before Cost Sharing</th>
<th>F&amp;A Rate Calculation after Cost Sharing in the Amount of $5,258,000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Administrative Costs</strong></td>
<td>$22,780,000</td>
</tr>
<tr>
<td><strong>Facilities Costs</strong></td>
<td>+ $25,332,000</td>
</tr>
<tr>
<td><strong>Total F&amp;A Costs</strong></td>
<td><strong>$48,112,000</strong></td>
</tr>
<tr>
<td><strong>MTDC Base</strong></td>
<td><strong>$66,444,000</strong></td>
</tr>
<tr>
<td><strong>Cost Sharing</strong></td>
<td>+ $5,258,000</td>
</tr>
<tr>
<td><strong>Total F&amp;A Costs</strong></td>
<td><strong>$48,112,000 ÷</strong></td>
</tr>
<tr>
<td><strong>F&amp;A Rate =</strong></td>
<td><strong>72.4 percent</strong></td>
</tr>
</tbody>
</table>

In this example, the $5,258,000 in cost sharing reduced the campus F&A recovery by 5.3 percent (72.4 – 67.1).
11.2. Impact of Voluntary Uncommitted Cost Sharing on F&A
In accordance with the RF Cost Sharing Policy, “campuses should discourage providing voluntary uncommitted cost sharing.” In addition, the OMB Memoranda 01-06 - Clarification of OMB A021 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Costs, dated January 05, 2001 states for voluntary uncommitted cost sharing that it “…should not be included in the organized research base for computing the F&A rate or reflected in any allocation of F&A costs.” If voluntary uncommitted cost sharing is included in the MTDC base it may result in a decrease in the campus F&A rate.
Chapter 12  Unique Cost Sharing Situations

The following topics provide further guidance and clarity to address unique cost sharing situations as they relate to a major research enterprise.

12.1.  K Awards

NIH Career Development Awards (K Awards) are primarily designed to support new investigators. K Awards typically establish effort requirements that are often up to 75 percent. This requires the institution to cost share the faculty member’s salary that is applicable to the award if it is higher than the salary recovery limit of $75,000 - $90,000 per year.

For Example

Here is how cost sharing is calculated under the terms of a K Award:

Step 1: Calculate the salary base that is chargeable to the grant

<table>
<thead>
<tr>
<th>Salary for individual</th>
<th>$150,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effort on K Award X 75 percent</td>
<td>$112,500</td>
</tr>
</tbody>
</table>

However, the salary that should be charged is over the maximum salary recovery limit of $90,000. The difference needs to be calculated as cost sharing.

Step 2: Calculate the cost sharing requirement

<table>
<thead>
<tr>
<th>Salary base for K Award</th>
<th>$112,500</th>
</tr>
</thead>
<tbody>
<tr>
<td>If salary limit is — $90,000</td>
<td></td>
</tr>
<tr>
<td>Cost share amount: $ 22,500</td>
<td></td>
</tr>
</tbody>
</table>

12.2.  NIH Salary Cap

There is a federally mandated limitation on the amount of salary that may be charged to NIH sponsored grants, cooperative agreements and applicable contracts. The NIH Salary Cap establishes a maximum annual rate at which an employee can be compensated under an NIH sponsored project.

For Example

An employee is charging 50 percent of his or her effort on an NIH grant. The individual has an institutional base salary (IBS) of $200,000 and the NIH Salary Cap is $199,700. The effort offered must be based on the NIH salary cap—not the IBS:

<table>
<thead>
<tr>
<th>NIH Salary Cap</th>
<th>$199,700</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effort on award X 50 percent</td>
<td>$99,850</td>
</tr>
<tr>
<td>Salary chargeable to NIH:</td>
<td>$99,850</td>
</tr>
<tr>
<td>(50 percent of NIH Salary Cap amount)</td>
<td></td>
</tr>
</tbody>
</table>
Note: The difference between the IBS and the NIH salary cap cannot be charged to any federal project or used to satisfy cost sharing commitments:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 percent effort on individual’s IBS</td>
<td>$100,000</td>
</tr>
<tr>
<td>Salary that is chargeable to NIH</td>
<td>$99,850</td>
</tr>
<tr>
<td>Amount that is a campus expense:</td>
<td>$150</td>
</tr>
</tbody>
</table>

Refer to the [Sponsor Salary Restrictions: NIH, AHRQ and SAMHSA document](#) for more information and to access current NIH salary caps.

12.3. Leveraged Resources

Leveraged resources is a term sometimes used in Department of Labor program announcements and program requirements identified in the Federal Register (72 FR, 44578, August 8, 2007). The Federal Register states “Applicants are encouraged to leverage significant resources from key partners and other organizations to maximize the impact on the project and the community.”

Leveraged resources are used in the same context as cost sharing or matching in the proposal and the Federal Register. However there is no specific dollar amount or statutory requirement explicitly required. Consider:

- Negotiating leverage language out of the proposal if possible.
- Indicating in the budget proposal what is being offered if the language cannot be negotiated out of the proposal. Be very specific.

Leveraged resources that are offered in the proposal are treated like mandatory or voluntary cost share in that sponsors will require proper documentation and monitoring of leveraged resources to verify such commitments are satisfied.
Chapter 13

13.1. Cost Accounting Standards
The federal government Cost Accounting Standards (CAS) require the consistent estimation, accumulation, allocation and reporting of actual sponsored programs costs – including cost sharing.

OMB Circular A-21, Appendix A includes the following CAS that are applicable to educational institutions and cost sharing, especially CAS 501 and CAS 502:

- CAS 501 - Consistency in Estimating, Accumulation, and Reporting Costs
- CAS 502 - Consistency in Allocating Costs for the Same Purpose
- CAS 505 - Accounting for Unallowable Costs
- CAS 506 - Cost Accounting Period

CAS 501 requires the institution to use consistent accounting practices to estimate, accumulate and report the actual costs of a sponsored program—including cost sharing. Accounting records should provide a meaningful comparison with actual costs incurred on the project for any significant amount of estimated cost in the proposal or resulting award. One effect of this standard is the requirement to account for all funds, including all personal and OTPS cost sharing, committed to and incurred on each individual award.

CAS 502 requires that each cost is allocated only once and on only one basis (either as a direct or F&A cost) to any award. Apply this standard to avoid overcharging or double counting.

The result of not complying with CAS may be a disallowance that reduces proportionately the actual payments made by the government toward actual sponsored program expenditures.

See the Guidelines for Implementing Federal Cost Accounting Standards for additional information.