



New Jersey Institute of Technology University Policies and Procedures	Number: 13-04 Date of Issue: June 13, 2017
<i>Subject: GRANTS AND CONTRACTS - COST SHARING</i>	

A. POLICY

This policy provides guidelines in the proposing, expending, reporting and documenting of cost sharing for sponsored projects. It is the policy of this University to minimize, if not eliminate, all voluntary cost sharing to the maximum amount possible.

B. PURPOSE

The purpose of this policy is to insure compliance with the general rules and regulations governing cost sharing, especially those required by the Federal government. At times, cost sharing is also referred to as “match.” For the purpose of this policy, “cost sharing” and “match” shall have the same meaning.

C. DEFINITIONS

OMB Uniform Guidance 2 CFR 200	Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
Allocable See 2 CFR 200.405	A cost is allocable to a project if the goods or services involved are chargeable or assignable to such project in accordance with the relative benefits received by the project.
Allowable See 2 CFR 200.403	A cost is allowable to a project if it: (1) is reasonable, (2) is allocable to the specific project, (3) is treated consistently in like circumstances, and (4) conforms to any limitations set forth in the sponsored agreement.
Cost Sharing	Costs of a specific sponsored project or program that are not borne by the agency funding the project. Cost sharing may be mandatory or voluntary. Also referred to as Matching Funds or Match.

Cost Sharing Mandatory	That portion of the University contribution to a sponsored project which is required by the terms of the project’s Request for Proposal or Application (RFP/RFA). Also referred to as Matching Funds or Match.
Cost Sharing Voluntary	That portion of the University contribution to a sponsored project which is University-initiated.
PI	Principal Investigator
RFP/RFA	Request for Proposal or Request for Application.
OR	Office of Research.
Subcontractor Or Subrecipient	An entity that is responsible for performing some portion of the work on a project which the University has agreed to perform.
Third Party	Someone other than the principals directly involved in a contract, transaction or agreement.
University Funds	Includes funds maintained at the Executive, Division, College, and/or Department level.

D. COST SHARING

Cost sharing includes, voluntary committed cost sharing, and voluntary uncommitted cost sharing provided to specific projects, and also unrecovered indirect costs associated with sponsored research projects. Cost sharing must be approved by individuals who have authority over the stated source of the cost sharing. Under Federal research proposals, voluntary committed cost sharing is not expected. It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity. See 2 CFR 200.306.

E. FEDERAL REGULATIONS REGARDING COST SHARE DOLLARS

In order to be acceptable for cost sharing, costs must:

- a) Be allocable, i.e., necessary and reasonable for proper and efficient accomplishment of sponsored research award objectives.
- b) Be allowable under the applicable cost principles.
- c) Be verifiable from the grantee’s records

- d) Not be included as cost sharing for any other Federally-assisted sponsored research award.
- e) Not be paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
- f) Be provided for in the approved budget when required by the Federal awarding agency.
- g) Not be unrecovered Facilities and Administration Costs without prior approval of the Federal awarding agency.
- h) Conform to all other applicable provisions of OMB Uniform Guidance 2 CFR 200.

F. COST SHARING

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1. Voluntary Cost Sharing

Under Federal research proposals, voluntary committed cost sharing is not expected. It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity

If the University anticipates voluntary cost sharing at the time of proposal submission, it is appropriate to so inform the sponsor. If the proposed cost sharing amount is included in the award budget or the project narrative, the fulfillment of the cost sharing must be documented as if it were mandatory cost sharing and reported in accordance with agency requirements. The extent of voluntary cost sharing should be reasonable and prudent, considering the PI's other commitments of time and the University policy regarding full recovery of costs. These resources fall into two categories:

- a) Voluntary **Committed** Cost Sharing: University voluntary cost sharing resources that are pledged formally in a proposal and that become binding and auditable commitments to that sponsored project upon award of the grant. These commitments may be articulated in numerous places in proposals, including in the narrative, letters

of support, or budget (e.g., faculty requesting zero salary support from NSF for time contributed to the project).

- b) Voluntary **Uncommitted** Cost Sharing: University voluntary cost sharing resources that are not pledged formally in a proposal but are subsequently made available upon receipt of the award. The University is not bound to contribute such resources, and the resources are not auditable.

2. Unrecovered Indirect Costs

Although not formally termed “cost sharing”, unrecovered indirect costs associated with sponsored research constitute real costs of conducting research that must be borne by the University. Indirect costs for sponsored projects are determined by applying the current University indirect cost rate, as negotiated between the grantee institution and cognizant Federal agency, to the modified total direct costs of the project. Indirect costs consist of both facilities (F) and administrative (A) components, known in combination as F&A.

3. In-Kind Cost Sharing

In-Kind cost sharing are those whose value can be readily determined, verified and justified, but where no actual cash is transacted in securing the good or service comprising the cost share. In-kind cost sharing represents the value of non-cash cost sharing provided by the University, non-Federal subcontractors or third parties to a sponsored project when such cost sharing directly benefits that project. Such in-kind cost sharing generally may be counted as cost sharing. However, any property purchased with Federal funds may be contributed to a Federally-sponsored project only if authorized by Federal legislation. Typical examples of in-kind cost sharing are services provided by volunteers and donated space or use of equipment. In-Kind cost sharing must be documented via the appropriate statements, certifications, or other documentation in conformity with OMB Uniform Guidance 2 CFR 200.

4. Cash Cost Sharing

Cash cost sharing differs from in-kind cost sharing in that an actual cash transaction occurs and is documented in the accounting system. This includes allocation of faculty and staff compensation (salary and fringe benefits) to projects. Although it is easy to mistake the allocation of faculty/staff compensation as a donation or as “In-Kind” because the faculty or staff member would be compensated regardless of the advent of the sponsored project, the value is the result of a cash transaction and should be treated as cash cost sharing. Other examples of cash cost sharing include the purchasing of equipment by the University, subcontractor or third parties for the benefit of the project.

G. FEDERAL REGULATIONS REGARDING COST SHARE DOLLARS

In order to be acceptable for cost sharing, costs must:

- a) Be allocable, i.e., necessary and reasonable for proper and efficient accomplishment of sponsored research award objectives.
- b) Be allowable under the applicable cost principles.
- c) Be verifiable from the grantee's records
- d) Not be included as cost sharing for any other Federally-assisted sponsored research award.
- e) Not be paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
- f) Be provided for in the approved budget when required by the Federal awarding agency.
- g) Not be unrecovered Facilities and Administration Costs without prior approval of the Federal awarding agency.
- h) Conform to all other applicable provisions of OMB Uniform Guidance 2 CFR 200.

H. GENERAL RESTRICTIONS

1. The allowability of cost sharing costs is usually determined by the specific award terms and conditions. Whether a project is funded by a Federal grant or not, University practice follows the guidance on allowable costs given in OMB Uniform Guidance 2 CFR 200. According to this section, mandatory cost sharing/matching and in-kind cost sharing must be verifiable, related to program objectives, allowable under the applicable cost principles, not from another Federal award (unless the terms of that award specifically permit the funds to be used as cost sharing or matching), and shown in the approved budget. Funds from any source which have already been committed as cost sharing to another project cannot be committed twice. In addition, income earned under the grant may not count as cost sharing unless expressly authorized by the granting agency.
2. The University-funded salaries of faculty and other employees directly engaged in the project, together with related employee benefits and indirect costs, constitute the most appropriate cost sharing contribution to Federal research projects. Costs financed by departmental budgets or any other non-Federal fund source may be claimed as a cost sharing contribution if they are directly identifiable with the applicable Federal research project and are contributed during the performance period of the grant or contract.

Particular care must be taken to insure that University-furnished space or equipment is not claimed as a cost contribution since these costs are reimbursed by application of the indirect cost rates. Departmental administrative expenses (e.g., secretaries, clerks, supplies) generally do not qualify as cost sharing since these expenses normally benefit

and are distributed across all activities and objectives of a Department and are, therefore, included in the determination of the indirect cost rate.

In summary, costs meeting all of the above criteria are allowable as a University cost sharing contribution under research grants and contracts provided they:

- a) Qualify as allowable costs under provisions of OMB Uniform Guidance 2 CFR 200;
- b) Do not duplicate the type of costs included in the University's indirect cost rates; and,
- c) Have not been charged to any other contract or grant.

I. REQUIRED APPROVALS FOR COST SHARING

When cost sharing appears on a proposal budget, the source, type and amount of funds should be identified by and authorized by the signature of the appropriate Chair and Dean. If the proposal budget contains required matching funds, OR should also review it to ascertain who is responsible for the source of funding.

The general responsibility of OR with regard to cost sharing is to ensure that types and levels of cost sharing shown in proposals and awards are:

1. Approved by the appropriate Chair and Dean; and
2. Consistent with University and sponsor policies.

H. DOCUMENTATION OF COST SHARING

The University has the following obligations regarding the documentation of cost sharing:

1. Proposal commitments to cost share, when accepted, become a condition of the agreement between the University and the sponsor.
2. If no effort for the PI is included in the project budget, then voluntary committed cost sharing should be noted so the faculty effort is appropriately classified for purposes of the University's facilities and administrative cost proposal.
3. Cost sharing involving donated items or volunteer services will be valued and documented in accordance with the guidance provided by OMB Uniform Guidance 2 CFR 200.
4. All cost sharing must be verifiable and auditable within the University's accounting system.

I. FUNDING UNIVERSITY COST SHARING COMMITMENTS

1. University cost sharing commitments must be funded from non-Federal sources. These sources include University general funds, gift funds, and non-Federal sponsored program funds. In general, the responsibility for funding the University cost sharing commitment lies with the department/college. The exceptions are as follows:
 - a) Funding to meet special or unusual cost sharing needs will be approved by the Vice Provost for Research. Requests to utilize any of these cost sharing funds must be discussed with the Director of OR during the proposal preparation process.
 - b) The formal request to utilize any of these funds for cost sharing commitments must be forwarded to the OR not less than two weeks prior to the date of proposal submission.
2. Sources of Cost Sharing:
 - a) University funds
 - b) Unrecovered Facilities and Administration (F&A) costs
 - c) Third party cost sharing
 - d) Other sponsored projects (Non-Federal)