



SUBJECT: Cost Sharing Policy	Effective Date: 04/15/15	Policy Number: 10.5.4	
	Supersedes: 02/23/11 09/19/14 06/16/10 01/25/13	Page 1	Of 9
	Responsible Authorities: Division of Research Director Research Accounting		

I. General Statement

Cost Sharing or matching is the portion of the total sponsored project costs that is not reimbursed by the sponsor. Cost sharing represents a commitment by the University or Third-Party (non-federal source) to a sponsored project in the form of dollars, effort, or in-kind contribution.

II. Purpose

The purpose of this policy is to establish procedures for Federal and Non-Federal sponsored projects and ensure that cost sharing requirements of sponsored programs are proposed, accounted for, and reported in a manner consistent with requirements set forth in federal regulations, Office of Management and Budget (OMB) Circular A-110 (2 CFR, Part 215) Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, OMB Circular A-21 (2 CFR, Part 220) Cost Principles for Educational Institutions, Cost Accounting Standards and Non-Federal sponsor guidelines (if applicable).

III. Background

Cost sharing typically requires the use of institutional funds and places a burden on the University and departmental resources. Once an award is made, ALL proposed cost sharing commitments are considered to be mandatory and represent binding obligations by the University regardless of whether cost sharing is mandated by the sponsor or voluntarily offered by the principal investigator.

IV. Types of Cost Sharing

Mandatory Cost Sharing is required by the sponsor as a condition of the award, as stated in the solicitation, program announcement, or RFP (Request for Proposal). Failure to include mandatory cost share in a proposal makes the application ineligible for an award.

Voluntary Committed Cost Sharing is cost share proposed by the University when it is not a specific requirement of the sponsor. When an award is received where there has been proposed voluntary committed cost sharing, the cost sharing becomes a binding commitment that the University must provide as part of the performance of the sponsored agreement.

Voluntary Uncommitted Cost Sharing is not required by the sponsor as a condition of the award and is not committed in the proposal budget. It is typically the PI's or other key researcher's effort that is over and above the effort committed and budgeted for in a sponsored agreement. Voluntary uncommitted cost sharing does not have to be documented.

University cost sharing commitment in the form of "effort" is discussed in detail in the Cost Sharing FAQs <http://www.fau.edu/research/ocg/generalinfo/faq.php>. Research Accounting is available to answer questions and provide assistance.

V. Kinds of Cost Sharing

1. Direct cost dollars
2. Effort percentage
3. In-kind Contributions
 - a) Donated property
 - b) Donated supplies
 - c) Tuition waivers
 - d) Unrecovered indirect costs
 - e) Volunteer services

VI. Policy

It is the policy of Florida Atlantic University to include only mandatory cost sharing in proposals submitted to sponsors. If cost sharing is not required by the sponsor or necessary for the completion of the project, then principal investigators should not make such commitments.

Mandatory and voluntary cost sharing must be documented in an Institutional Contribution Statement http://www.fau.edu/research/docs/forms/sponsoredprogs/institutional_contribution.xls that is reviewed and approved by Department Chair, College Dean, Sponsored Programs, Foundation (if applicable), and Provost/Campus VP (if applicable) prior to the proposal being submitted to the sponsor. Upon acceptance of the award a unique cost sharing account will be set up to document and report cost sharing expenditures for each project. Tracking, reporting and certifying of cost sharing are subject to audit.

Proposals should clearly state the amount of effort and/or equivalent salary committed by the PI or key personnel who have a significant role in meeting the objectives of a sponsored project. Principal Investigators and key personnel should request full salary support for the effort that they expect to expend in meeting the objectives of the project. However, FAU requires PI or key personnel to commit a minimum 1% effort during the award period. When the PI's or key personnel's effort is committed in the proposal and the related salary is not directly charged to

the sponsored project, then the effort committed must be treated and documented as cost sharing.

The minimum 1% effort requirement for the PI or key personnel does not apply to

- Equipment and instrumentation grants
- Doctoral dissertation grants or other student augmentation grants
- Faculty mentors (also known as preceptors or program faculty) on institutional training grants
 - Faculty mentor's effort will be assigned to their specific research projects on which the trainees are involved
- Limited-purpose awards characterized as Other Sponsored Activities like travel grants or conference support
- Specialty License Plate (SLP) Accounts

Tuition waivers can be offered in a proposal as cost sharing, if allowable by the sponsor. Tuition allowance must be proportionate to the effort of the student on the grant during the applicable semester (.e.g., If a student is working 10 hours on grant A and 10 hours on grant B, then the tuition waivers should be 50% for grant A and 50% for grant B). Tuition waivers will be documented with a Cost Share Certification Form and supporting tuition information.

COST SHARING REQUIREMENTS

- A. All contributions, including direct cost dollars, effort % and in-kind are acceptable forms of cost sharing or matching when the contributions meet all of the following criteria.
 1. Are verifiable from recipient's records
 2. Are not included as contributions for any other federally-assisted project or program
 3. Are necessary and reasonable for proper and efficient accomplishment of project or program objectives
 4. Are allowable under applicable cost principles, OMB Circular A-21, award terms and conditions, and FAU guidelines
 5. Are not paid by the Federal Government or any other award, except where authorized by Federal Statute or sponsor's guidelines to be used for cost sharing or matching
 6. Are provided for in the approved budget when required by the Federal awarding agency
 7. Conform to other provisions of OMB Circular A-110, as applicable
- B. If donated property is used for cost sharing or matching, the value will be the lesser of
 1. The certified value of the remaining life of the property recorded in the recipient's accounting records at the time of donation, or
 2. The current fair market value from an appraisal or other form of documentation.
- C. Unrecovered indirect costs may be included as part of cost sharing or matching only with prior written approval from the awarding agency.
- D. Volunteer services provided 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 where similar work is not found in the recipient's

organization, then rates shall be consistent for similar work in the labor market. Principal Investigators must obtain from third-party in-kind the documentation of volunteer services actually provided and, to the extent feasible, supported by the same methods used by FAU for its own employees.

- E. The method and value to be used when documenting third-party in-kind cost sharing, must follow the guidelines in Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations OMB Circular A-110 Section 23 Cost Sharing or Matching http://www.whitehouse.gov/omb/circulars_a110. The basis for determining the value of personal services, material, equipment, buildings and land from third-party in-kind contributions must be documented. The method used for determining cost sharing or matching value for third-party in-kind donations of equipment, buildings, and land may differ according to purpose of the award and may require approval of Federal awarding agency. Refer to Cost Sharing FAQs <http://www.fau.edu/research/researchacct/acctfags.php> for more detailed information on requirements for estimating the value and documenting third-party in-kind contributions. Principal Investigators must obtain from third-party in-kind contributors supporting documentation which satisfies the federal valuation guidelines.

REDUCTION IN COST SHARING OR MATCHING

Principal investigators must immediately notify the offices of Sponsored Programs and Research Accounting if they are unable to provide the amount of cost sharing stated in the proposal and/or notice of award. Sponsor approval may be required to reduce cost sharing or matching.

Sponsors may require the following information in writing:

- a) Notification describing the situation that caused the shortage of cost sharing
- b) Specific measures to be taken to secure replacement cost sharing
- c) Plans to either continue or phase out the project in the absence of the approved level of cost sharing

Failure to notify the sponsor of the situation resulting in reduction of cost sharing may result in

- a) Disallowance of some or all of the costs charged to the award
- b) Subsequent recovery of some or all of the sponsor funds provided under the award
- c) Possible termination of the award
- d) Violation of the terms of the award as to provide grounds for subsequent suspension or debarment of the University.

The actual effort and other costs required to accomplish the goals of a sponsored project may differ from what was proposed and awarded. The total costs of the project could decrease due to changes in programmatic needs. The sponsor may need to be contacted to determine if the reduction can be applied to the University's committed cost sharing or to both the sponsor's award amount and University's cost sharing contribution on a pro rata basis. Otherwise, the sponsor's share may be reduced while the University's entire cost sharing commitment must be met.

VII. Accountability

Principal Investigators are responsible for

1. Being clear in the proposal submission about what is being cost shared or matched
2. Verifying that mandatory and/or voluntary cost sharing has been met
3. Contacting Sponsored Programs and Research Accounting if they are unable to meet all of the cost sharing committed for their project
4. Obtaining letters from third-parties, periodically and at the end of the project, that document the actual cost of contribution of third-parties to the project

Principal Investigators and the office of Sponsored Programs are responsible for valuating in-kind cost share commitments in accordance with the standards set forth in Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations OMB Circular A-110. Principal Investigators and departmental designees are responsible for reviewing departmental ledgers on a monthly basis to ensure that costs charged to the cost sharing accounts are allowable, reasonable, and allocable.

Research Accounting is responsible for monitoring and reporting cost share expenditures for research projects to sponsors. Cost Share Status Reports will be sent bi-annually to Principal Investigators and department budget coordinators.

VIII. Definitions

Cost Sharing is the portion of the total sponsored project costs that is not reimbursed by the sponsor. Cost sharing represents a commitment by the University or Third-Party (non-federal source) to a sponsored project in the form of dollars, effort, or in-kind contribution.

Cost Share Obligation is the amount of cost share that must be met and documented by the end of the project period. It is equal to the larger of

1. The amount of cost share required in the award document and approved budget.
2. The amount of cost share included in the proposal budget, as either mandatory or voluntary committed cost share.

Direct Costs are costs that can be identified specifically with a particular sponsored project with a high degree of accuracy. Direct costs are reasonable and necessary to accomplish the project's objectives. Direct costs include salaries, fringe benefits, travel, supplies, equipment, tuition and subcontracts. For more information see

http://www.fau.edu/research/docs/policies/researchacct/direct_cost.pdf

Institutional Contribution Statement (ICS) is an internal FAU document submitted with the proposal by principal investigator to Sponsored Programs to document any mandatory or voluntary cost share that will be committed by FAU. ICS must be reviewed and approved by Department Chair, College Dean, Foundation (when cost share funding is contributed from a foundation account), Sponsored Programs and Provost/Campus VP (when cost share funding is contributed from Provost/Campus VP) prior to proposal being submitted to the sponsor. Institutional Contribution Statement and Instructions are available at

http://www.fau.edu/research/docs/forms/sponsoredprogs/institutional_contribution.xls

Letter of Commitment is a letter from a third party signed by an authorized representative of the entity endorsing and quantifying the contribution to the project at the time of the proposal. This document must be submitted to Sponsored Programs with the proposal and Institutional Contribution Statement when the project involves cost sharing support from a third party outside FAU. Refer to policy statement above and Cost Sharing FAQs

<http://www.fau.edu/research/researchacct/acctfaqs.php> for the requirements in determining the value of the third-party in-kind contribution.

Leveraging / Other Support are other programs which are related to the proposed activity that have separate scopes of work, separate performance periods, and separate budgets. Leveraging is not cost sharing, since cost sharing involves sharing the costs on a single project, with one scope of work, one performance period and one budget. Principal Investigators should not characterize “leveraging” or “other support” as cost sharing in the proposal. National Science Foundation (NSF) refers to leveraging as “Current and Pending Support.” See definition below of “Other Significant Contributors,” which is used in National Institute of Health grants.

Mandatory Cost Sharing is required by the sponsor as a condition of the award, as stated in the solicitation, program announcement, or RFP (Request for Proposal). Failure to include mandatory cost share in a proposal makes the application ineligible for an award.

Matching Contribution is cost share required by statute generally specified as a percentage of the project costs, in order to be eligible for the sponsor’s funding. This requirement may be stated as a specified or minimum percentage of total allowable costs or a maximum sponsor percentage of participation of such costs. For example, “the applicant must provide an amount equal to the sponsor’s funds – a 50% or 1:1 match.” Or, “the applicant must provide 20% of total project costs; the sponsor will provide funds not to exceed 80% of the total project costs.”

OMB Circular A-21 (2 CFR, Part 220) Cost Principles for Educational Institutions provides guidelines on the allowability of costs for federal awards received by universities. Section J General Provisions for Selected Items of Cost lists different costs items and states whether they are allowable or unallowable costs on federal awards. This document also includes the Cost Accounting Standards that are applicable to educational institutions.
http://www.whitehouse.gov/omb/circulars_a021_2004

OMB Circular A-110 (2 CFR, Part 215) Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations sets standards for obtaining consistency and uniformity among Federal agencies in the administration of grants and agreements with institutions of higher education, hospitals, and other non-profit organizations. http://www.whitehouse.gov/omb/circulars_a110

Other Significant Contributors is used by National Institute of Health (NIH) and refers to individuals who have committed to contribute to the scientific development or execution of the project, but are not committing any specified measurable effort to the project. These individuals are typically presented at zero effort or as needed. Individuals with measurable effort cannot be listed as “Other Significant Contributors.”

Third-Party In-Kind Contribution is a contribution to a sponsored project provided by a party other than FAU or the primary sponsoring agency. The basis value of contribution must be established at the time of the proposal and documented at the post award stages. Refer to policy statement above and Cost Sharing FAQs
<http://www.fau.edu/research/researchacct/acctfaqs.php> for the requirements in determining the value of the third-party in-kind contribution.

Unrecovered Indirect Costs is the difference between the F&A rate (indirect cost rate) approved by FAU's cognizant audit agency (DHHS) and the F&A rate (indirect cost rate) that the sponsor will allow. The difference, also known as the foregone indirect, may be used as cost share only if unrecovered indirect cost is explicitly approved by the sponsor. In addition, unrecovered indirect costs applicable to cost-shared salaries & benefits, OPS and expenses items may be allowed if explicitly approved by the sponsor.

Voluntary Committed Cost Sharing is cost share proposed by the University when it is not a specific requirement of the sponsor. When an award that proposed cost sharing is received, the cost sharing obligation becomes a binding commitment that the University must provide as part of the performance of the sponsored agreement.

Voluntary Uncommitted Cost Sharing is not required by the sponsor as a condition for the award and is not committed in the proposal budget. It is typically the PI's or other senior researcher's effort which is over and above that which is committed and budgeted for in a sponsored agreement. Voluntary uncommitted cost sharing does not have to be documented.

IX. Procedures

Principal Investigators

1. Provide Sponsored Programs with a copy of the Solicitation, Program Announcement or RFP for review of the guidelines, including those concerning the cost share requirements.
2. Include mandatory cost share in the proposal budget and budget justification, not buried or implied in the narrative.
3. Include voluntary cost share in the proposal budget and budget justification, not buried or implied in the narrative. Voluntary cost share should be included only in rare circumstances outlined in the Cost Share Policy Statement.
4. Do not include "Leveraging" or "Other Support" in the proposal as cost sharing.
5. Complete the Institutional Contribution Statement (ICS) stating the cost sharing budget and the FAU index that will fund the cost sharing commitment. Submit the ICS to Department Chair, College Dean, Foundation (if funded with Foundation), and Provost/Campus VP (if funding is provided by the Provost/Campus VP) for signature approval. Upload the signed Institutional Contribution Statement form with proposal to Grants ERA.
6. Obtain Letters of Commitment from third-party in-kind entity contributing cost sharing support to the project. Letter of Commitment must contain the signature of an authorized official and include the basis of determining the value for volunteer services and donated property. Upload the signed Letters of Commitment with proposal to Grants ERA.
7. Send documentation of cost sharing costs that have been met by third-party in-kind to Research Accounting.
8. Send Cost Share Certification Form with supporting documentation for Tuition Waivers to Research Accounting.

9. Monitor cost sharing expenditures. The percentage of the costs charged to the project should normally be proportionately charged to both the award and the cost sharing accounts. Notify the offices of Sponsored Programs and Research Accounting if the amount of cost sharing stated in the proposal and/or notice of award cannot be met.
10. Ensure that the Cost Share Obligation has been met at the end of the project.

Sponsored Programs

1. Review the Solicitation, Program Announcement or RFP to determine if cost sharing is mandatory for the project.
2. Review the proposal budget for mandatory and voluntary committed cost sharing. Verify the accuracy of the cost sharing budget.
3. Incorporate appropriate cost sharing requirements in subcontract agreements.
4. Verify that the Institutional Contribution Statement's budget mirrors the proposal budget for FAU's portion of cost sharing.
5. Verify that the Institutional Contribution Statement contains signature approvals from the Department Chair, College Dean, Foundation (if funded with Foundation), and Provost/Campus VP (if funding is provided by the Provost/Campus VP) for the cost sharing in the proposal.
6. Verify that the source of funding for cost sharing in the Institutional Contribution Statement comes from a non-sponsored fund, such as GTAIDS, Overhead or Foundation, unless specifically authorized by a sponsored funding source.
7. Verify that the Letter of Commitment from third-party in-kind contributor contains the signature of an authorized official and includes the basis of determining the value for volunteer services and donated property.
8. Complete the Post Award Worksheet and indicate whether the project includes cost sharing.

Research Accounting

1. Assign one cost sharing account for each source account listed in the Institutional Contribution Statement for mandatory and voluntary cost sharing in the proposal.
2. Monitor cost sharing expenditures bi-annually and send Cost Share Status Reports to the Principal Investigator and Budget Coordinator.
3. Verify that the Cost Share Obligation has been met at the end of the project. If the cost sharing obligation has not been met, Research Accounting will contact the Principal Investigator and Budget Coordinator to verify that all project costs have been posted to the cost sharing account(s) and supporting documentation has been received from third-party in-kind sources.

4. Compute the appropriate amount of unrecovered indirect costs, if it is explicitly authorized to be included in the total cost sharing amount reported.
5. Process the transfer of funds necessary from overhead account to the cost sharing account at the end of the project, when the source of cost sharing funds comes from overhead accounts.
6. Close out overhead cost sharing accounts when applicable along with FAU project accounts using the standard closeout procedures.

X. Annual Review of Procedures

The Cost Sharing Policy will be reviewed annually.

POLICY APPROVAL

Initiating Authority

Signature: _____ Date: _____

Daniel Flynn, Vice President for Research

Executed signature pages are available in the Research Accounting Office