Research Policies

Section: Research
Policy Number: 6-19
Policy Name: Cost Sharing
Date: November 3, 2009
Revisions:

I. PURPOSE

A. Cost sharing or matching is the portion of award costs not borne by the sponsoring agency. The purpose of this policy is to set forth the circumstances and to establish the procedure for proposing, approving, administering, and documenting cost sharing on sponsored projects. It includes all contributions, including cash and in-kind, that a recipient makes to an award.

B. Cost sharing is auditable and must be allowable under cost principles and verifiable to records. The University must ensure that cost sharing requirements of sponsored agreements are proposed, accounted for and reported in a manner consistent with the requirements set forth in federal regulations, primarily Office of Management and Budget (OMB) Circulars A-110 and A-21. http://www.whitehouse.gov/omb/circulars/

C. Any cost share committed on a proposal, if awarded, is an assumed committed budget amount that must be properly accounted for and tracked in the award.

II. POLICY

A. Approval for cost share should occur at the time of the proposal submission through inclusion in the grant budget. Cost share represents a commitment of resources by the University of Delaware that can be made through contributions of labor (time on a project), tuition scholarships, equipment funds, or third party (sub award or collaborator) contributions. Once cost sharing is specified and quantified in the proposal budget, budget justification, or budget narrative by the University, the institution is committed even when not required by the sponsor. Cost incurred by the University to fulfill cost sharing commitments must coincide with the budget period of the sponsor award.

B. The Principal Investigator’s responsibility for maintaining records of all project related costs is the same for both the award and cost share components.

C. The University reserves the right proportionately to reduce the cost sharing commitment if funds awarded are less than proposed.

D. Regardless of the resource committed, cost share falls into one of three categories below: mandatory, voluntary committed or voluntary uncommitted.

1. Mandatory Cost Share:
   Whenever possible, cost sharing should be limited only to those situations where it is mandated by a sponsor. If cost share is mandated by a sponsor it should be limited to the minimum amount necessary to meet a sponsor’s requirement.

2. Voluntary Committed Cost Share:
   Voluntary cost share is committed when the University has determined that a contribution of additional resources is necessary to ensure the success of a competitive award or proposal. The University strongly discourages voluntary cost share by its Principal Investigators.

3. Voluntary Uncommitted Cost Share:
   A commitment of university resources beyond the budgeted commitments is considered voluntary uncommitted cost share. Examples include effort provided by a faculty member beyond that which is budgeted. In these circumstances, it is not necessary to track or account for these commitments. These are considered additional cost related to the total research enterprise.

III. ALLOWABLE COST SHARE

There are several factors that determine the allowability of specific costs as cost sharing. Cost shared expenses must meet the same standards that apply to costs that are directly charged to a project.
The costs must be:

1. Allowable and allocable under federal cost principles as specified in OMB Circular A-21.
2. Verifiable from University records when applicable.
3. Necessary and reasonable for proper and efficient accomplishment of project objectives.
4. Identified in the approved award budget set up by the Research Office when applicable.
5. In compliance with the criteria outlined in OMB Circular A-110.
6. Determined by the sponsor's specific award terms and conditions.

IV. EFFORT COST SHARE
A. Because of the additional administrative requirements and responsibilities that may be inherent in the cost sharing commitment, PIs are strongly encouraged to limit voluntary cost sharing commitments. However, according to federal policy, most Federally-funded research programs must have some level of committed faculty (or senior researchers) effort, paid or unpaid from the sponsored award. The University has established a minimum of 1% effort to all federal awards. This does not apply to major research instrumentation, awards solely for travel and infrequent other special circumstances.

B. If no salary is charged directly to the sponsor, an appropriate amount of cost-shared effort should be provided. It is not acceptable for a PI to submit a research proposal without some level of commitment by the PI to the proposed project. This requirement is not applicable to equipment awards, dissertation or training support, fellowship, or other limited purpose awards (e.g., travel grants, conference grants) that require little or no additional time from the PI.

C. Effort may be committed and met at any time within the fiscal year (summer months, academic year, or both). Committed effort, whether mandatory or voluntary, must be met and reported during the periods in which it was accomplished. Any effort provide above the level committed to a sponsor is referred to as voluntary uncommitted cost-share, and is not required to be reported as cost-share.

V. EQUIPMENT COST SHARE
A. Equipment committed as cost share in a proposal, whether mandatory or voluntary, must be purchased, tracked, and reported during the periods in which it was accomplished. Any equipment cost share provided above the level committed to a sponsor is referred to as voluntary uncommitted cost-share, and is not required to be reported as cost-share.

B. University equipment cost share dollars are available when a sponsor requires mandatory equipment cost share or the project budget exceeds the available funding in the area of equipment. UD Policy defines equipment as any single item valued at $5,000 or greater and having a useful life of two or more years.

C. The PI is allowed to submit requests of up to $50,000 with one to one match assistance from the PI's college or unit. For example, $50,000 from the Research Office requires an equal $50,000 from the college or unit. These funds must be used on equipment and cannot be used for any other purpose.

D. In the case of major center proposals such as COBRE or MRSEC that involve multiple academic units and multiple years of potential funding, the PI can submit requests of up to $50,000 for each of the years of funding. This sum must also be matched by the college or unit for each of the years that the Research Office provides funding.

E. The University has an annual equipment cost share budget. Any overrun amounts are proportionately divided among those colleges benefiting from the cost share during that fiscal year. In the case of cost share for center grants, only the units involved in benefiting from the match for the center proposals will be assessed the cost of the overrun amount.

VI. NON-EQUIPMENT EXPENSES
Other expenses, such as travel and supplies, may be cost shared when they are deemed necessary to meet mandatory cost share or for the completion of the project. These expenses must meet the Cost Principles stated in OMB Circular A-21.

VII. THIRD PARTY COST SHARE
Third Party cost share are contributions given to a specific grant or contract by an individual or group from outside both the University and the sponsoring agency. PIs are responsible for tracking and obtaining backup financial documentation to ensure that cost share has been met. A letter of commitment must be provided by the third party organization in which the cost share amount is documented. Once the award is executed, the third party cost share must be documented to verify expenses.

VIII. WAIVED F & A COST SHARE

Unrecovered F&A costs on Federal projects may be included as cost sharing only with the prior approval of the federal awarding agency per OMB Circular A-110, Subpart C 23b. These amounts are documented in the financial system and will be reflected in close out analysis. These amounts are tracked in the UD Financial accounting system as analysis type values of WFA and CFA and will be reflected in closeout analysis.

IX. SUBAWARDS

During the proposal process if a subaward recipient proposes cost share, this should be documented in their letter of intent. When awarded committed cost share should be documented in the subaward agreement and must be tracked by the prime awardee throughout the life of the award. The prime awardee is responsible for making sure that the entire cost share commitment is met.

X. UNALLOWABLE COST SHARE

The following types of cost sharing are not allowed:

1. Federal to Federal - Federal appropriations or contracts and grants funded by Federal agencies, either directly or indirectly as flow-through funding, are not allowable as cost sharing for another Federal project. Federal contracts and grants may generally be used as cost sharing on any non-Federal contract or grant unless restricted by the non-Federal sponsor.

2. Expenditures Included in the Facilities and Administrative Rate - Costs that are included as part of the indirect cost rate, such as space used for instruction and research, equipment depreciation, utilities, department administration, etc., cannot be cited as cost sharing expenditures.

3. Double Counting - Cost sharing can only be committed and reported as cost sharing once. If cost sharing relates to two or more projects, it should be pro-rated among the projects so that, in total, it is only reported once.

4. Costs Incurred Outside the Project Period - Costs that have already been incurred and were documented in the University accounting system prior to the project award start date are generally ineligible for cost sharing, unless allowed as pre-award costs.

5. Lack of Technical Relationship - Costs that are not specifically related to the performance of the project cannot be used as cost share. Therefore, if another University sponsored project or gift is identified as a cost sharing contribution, the technical relationship between the two (or more) projects must be established and documented.

6. Costs Specifically Not Allowable under OMB Circular A-21 (CFR 220) - These costs include alcohol, entertainment, advertising, memberships, etc. In addition, any costs associated with a PI's sabbatical leave are generally not allowable unless specifically approved by the sponsoring agency.

7. Expenses not allowed by the award terms and conditions.

PROCEDURE: Cost Sharing Procedure

Submitted by: Research Office

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Please direct questions to the Executive VP office.