



Department Administrative Policy and Procedures

Subject: **Cost Sharing Policy**

Effective Date: July 1, 2019

I. PURPOSE

The purpose of this policy is to provide guidance for proposing and administering cost sharing on sponsored projects in accordance with Federal and other sponsor requirements.

The policy is applicable to all schools, departments, units, and personnel of the University of Wyoming (“University”) involved in administering sponsored awards.

II. DEFINITIONS

A. Cost Sharing

Cost sharing represents that portion of the total project costs not borne by the Sponsor. Cost Sharing is typically in the form of actual cash expenditure of funds.

B. Mandatory Cost Sharing

Mandatory cost sharing is required by the sponsor as a condition of obtaining an award. The cost sharing commitment must be included in the proposal to be considered by the sponsor.

C. Voluntary Cost Sharing

Voluntary cost sharing is not required by the sponsor as a condition of the award. However, if cost sharing is offered it must be included in the proposal.

Under the Uniform Guidance, voluntary cost sharing is not expected by Federal sponsors. It cannot be used as a factor during the merit review of applications or proposals unless specified in both the Federal awarding agency regulations and in a notice of funding opportunity.

D. Committed Cost Sharing

When an award is received in which there was a commitment by the University in the proposal to share in project cost, (voluntary, or mandatory cost sharing or matching) the activity becomes a binding commitment which the University must provide as part of the performance of the sponsored agreement. This commitment must be tracked in the accounting system as cost sharing.

E. Matching

Matching is where the sponsor requires the University to match grant funds in some proportion with funds from another party, either from the University or more typically another sponsor (with both sponsors' approval). Matching requirements may be in the form of actual cash expenditures of funds or may be an "in-kind" match, which is the value of non-cash contributions to the project including, with sponsor approval, the third-party organization's approved federally negotiated indirect cost rate, or a rate in accordance with the Uniform Guidance. An in-kind matching contribution, made by a party other than the University, requires documentation from the third party supporting the use of the funds as in-kind/matching and may require a certification of fair market value.

III. POLICY

A. Cost Sharing Commitment

When a Principal Investigator (PI) proposes and the University agrees to cost share University resources, the University is required to provide the stated resources in the performance of the awarded project. Considering the administrative requirements and responsibilities inherent in the cost sharing commitment, the PI (or other person responsible for the identified fund) should carefully weigh the cost effectiveness versus the expected benefits of each potential cost sharing commitment. Cost sharing represents a redirection of departmental or school resources from teaching or other departmental and school activities to support sponsored agreements and should only be approved under exceptional circumstances.

UW only approves cost sharing when it is required by the sponsor and limits the commitment to the minimum required. In very rare cases UW might approve cost share commitments that aren't required by the sponsor or commitments that are greater than the minimum required. These situations will be reviewed and approved by the Office of Research & Economic Development on a case-by-case basis.

B. Expenditures Eligible for Cost Sharing

Cost sharing may consist of allowable direct and/or indirect costs.

C. Direct Costs

1. Faculty, Student or Staff Effort

It may be appropriate to contribute faculty, student, or staff effort to the performance of a sponsored agreement. The commitment to provide such support binds the University to contribute the effort and record the associated expenditures including fringe benefits in a separate account.

2. Equipment

Equipment should not be offered as cost sharing unless the receipt of the award is contingent upon such cost sharing e.g. instrumentation proposals. PI's should take care in preparing proposals for sponsored agreements not to commit use of University-owned or government-owned equipment as cost sharing, but rather to characterize the equipment as "available for performance of the sponsored agreement at not direct cost to the project."

3. Other Direct Costs

Allowable direct costs other than salaries, fringe benefits, or equipment may be committed by the PI as cost sharing on the proposed budget with the approval of the department chair and dean. The following are examples of other direct costs:

- Travel expenses
- Laboratory supplies
- Items that do not meet the capitalization threshold

D. Facilities and Administrative Costs (Indirect Costs)

Facilities and Administrative Costs (Indirect Costs) costs are the real costs of conducting instruction and research. These F&A costs do not disappear simply because a sponsor refuses to pay for them; the University must fund any F&A costs that have not been reimbursed. When direct costs are cost shared, the F&A costs associated with the direct costs are automatically cost shared. PI's may take advantage of the automatic cost sharing of these costs and include them on the proposed budget.

E. Expenditures Not Eligible for Cost Sharing

The following expenses cannot be offered as cost sharing commitments in sponsored project proposals:

- Unallowable costs as defined in the Uniform Guidance
- Salary dollars above a regulatory cap, e.g. NIH
- University facilities such as laboratory space. PI's should take care in preparing proposals for sponsored agreements not to commit use of facilities as cost sharing but rather to characterize the facilities as "available for the performance of the sponsored agreement at no direct cost to the projects."
- University utilities

In addition, cost sharing may not be proposed where the sponsor has explicitly prohibited it (e.g. National Science Foundation).

F. Overdrafts

After the end of the project performance period, when allowable project expenses result in more charges to a sponsored account than were funded, the amount of the overdraft must be included in the University's modified total direct cost base (MTDC) for calculation of the F&A rate. An overdraft does not represent cost sharing, but it must be charged to a cost sharing account in order to be included in MTDC base.

G. Reporting Cost Sharing

The Office of Sponsored Programs (OSP) is responsible for providing information to sponsoring agencies that demonstrate the University has fulfilled the cost sharing commitments that it made as a condition of receiving external sponsorship.

H. Roles and Responsibilities

1. Principal Investigator, Dean's Office, Academic Department, and Research Unit

- Determine the cost requirements of the project
- Evaluate the workload implications of proposed cost sharing
- Ensure the total effort for an individual does not exceed 100%
- Identify and quantify mandatory and voluntary committed cost sharing
- Identify the cost sharing funding source for mandatory and voluntary cost sharing and notify OSP of the funding source
- Ensure that mandatory and voluntary committed cost sharing commitments are met and properly budgeted and recorded

2. Office of Research and Economic Development, Research Services

- Review cost sharing requirements and commitments in the proposal and verify these commitments are properly budgeted when awarded
- Incorporate appropriate cost sharing conditions in subrecipient agreements

3. Office of Sponsored Programs

- Upon award, review cost sharing requirements and commitments for proper accounting treatment
- Work with Department/Unit to determine appropriate reporting requirements
- Verify cost sharing requirements have been met at close out

IV. ATTACHMENT

A. Frequently Asked Questions

1. Question:

What is the relationship between the space inventory performed in conjunction with the indirect cost study and cost sharing?

Answer:

The coding of space in the University's Space Inventory System must be consistent with the coding of expenditures in the accounting system. Auditors confirm this consistent treatment during the review of the University's indirect cost proposal.

2. Question:

If a proposal voluntarily offers cost sharing does that represent a binding commitment if the proposal is awarded?

Answer:

Yes, cost sharing that is identified in the proposal represents a binding commitment if awarded, regardless of whether it is mandatory or voluntary.

3. Question:

Can cost sharing expenses consist of expenses that are unallowable on a Federal grant/contract?

Answer:

No, one of the criteria to determine if a cost sharing expenditure is appropriate is that it meets all of the allowability criteria in OMB Uniform Guidance 200.402 – 200.411.

4. Question:

Should cost overruns (overdrafts) be treated as cost sharing?

Answer:

If the overrun (overdraft) consists of allowable costs and occurred because there were not sufficient funds awarded, then the overrun, while not cost sharing from the sponsor's perspective, is treated as cost sharing from an accounting perspective and must be in the appropriate cost base for the indirect cost study.

5. Question:

If a faculty member cost shares effort that occurs after working 40 hours does this need to be recorded as cost sharing?

Answer:

Yes, this would be considered cost sharing; however, full time equivalent (FTE) for faculty effort is not defined in terms of a 40-hour workweek. A faculty FTE is defined as 100% effort that is defined as the total of all effort performed during a defined work period regardless of the number of hours worked.

Responsible Divisions/Units: Administration / Office of Research and Economic Development/
Office of Sponsored Programs

Links:

OMB Uniform Guidance

https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl