13.3 Cost Share

Policy Statement
The University of Georgia encourages and supports the efforts of faculty to obtain external funding. The use of cost sharing should not overburden University and departmental resources. Approved cost share in awarded proposals must be independently tracked, monitored and reported to the sponsoring agency. Excessive or unnecessary cost sharing can result in the future limitation of scarce departmental resources and negatively impacts the overall institutions facilities and administration rates. The policy of the University of Georgia is to limit its cost sharing on externally funded projects to the amount specifically mandated in the application guidelines of the sponsor. Principal Investigators (PI's) are strongly encouraged to request the total anticipated costs of a project in their proposal budgets. This policy applies to all externally funded project types (i.e., research, public service and outreach, instruction, and cooperative extension). Proposals that voluntarily commit cost share, matching, or in-kind contributions are strongly discouraged. In instances where voluntary cost share is written into the proposal, resulting in a committed cost-share arrangement, a written rationale should accompany all proposals submitted for Office for Sponsored Programs approval and signature.

The University of Georgia will support committed cost share that is either voluntary or mandatory by the sponsor when:

All cost shared amounts are specified on the Office for Sponsored Programs (OSP) Transmittal Form, and

Each cost shared amount is approved on the OSP Transmittal Form by the relevant dean, director, or department head. Approval signatures are binding and indicate a willingness to provide cost share resources in support of the proposed project.

The University places no conditions on third-party matches. Such cost sharing must, however, be guaranteed by the offering sponsor in writing at the time of proposal submission.

Expenditures NOT Eligible for Cost Sharing

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

1. Unallowable costs as defined in OMB Uniform Guidance.
2. Salary dollars above a regulatory cap, e.g., NIH.
3. University facilities such as laboratory space. PI’s should be mindful when 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 project”.
4. Depreciation on federally funded equipment.
5. Overdrafts may not be considered cost sharing for purposes of fulfilling a cost sharing commitment because overdrafts are unallowable under OMB Uniform Guidance.

Equipment as Cost Sharing

Equipment should not be offered as cost sharing unless the receipt of the award is contingent upon such cost sharing.
PI's should exercise caution in preparing proposals for sponsored agreements not to commit the use of University-owned equipment as cost sharing, but rather to characterize the equipment as "available for the performance of the sponsored agreement at no direct cost to the project".

Proposals that include the acquisition of special-purpose equipment as a direct cost may include an offer of University funds to pay all or part of the cost of such equipment. These proposals may be equipment or instrumentation grants, where

The purpose of the grant is to buy equipment and the University is required to share the cost with the sponsor, or

Research-oriented grants or contracts where the purchase of equipment required for the research is an allowable expense and is included in the proposal and award. Purchase and acquisition must occur during the period of performance. The portion of the purchase price paid by the University must be charged directly to a cost sharing account in support of the award.

Reason for policy
Cost sharing has been required by Federal sponsoring agencies since 1966. It is mandated by legislation or regulation in many programs; in others, it reflects programmatic decisions of the various agencies. Additionally, cost sharing is a common requirement of State or private sponsors, and it frequently becomes a contractual obligation introduced voluntarily by recipients of Post Award Accounting.

Since inception of the concept, cost sharing has been a primary target of auditors. Nationally, it is the second leading area of cost disallowance. The primary basis for disallowance is that the shared costs are not properly documented and readily identifiable.

This policy provides University faculty and staff with guidance to assure compliance with federal requirements. In addition, Sponsors and auditors must be able to verify that funds committed to cost sharing or matching/in-kind have been provided towards the work and scope of the awarded project. Therefore, this policy and its procedures have been developed to help faculty and departmental personnel properly propose, account, and report cost sharing and matching/in-kind funds.

Procedures
1. A companion (cost sharing) account will be established for each sponsored project incorporating cost sharing/matching provisions. This includes all projects where cost share is being provided by institutional funds.

2. Companion accounts will be numbered uniquely to tie each to its related sponsored project. For example:

<table>
<thead>
<tr>
<th>Sponsored Project</th>
<th>Cost Sharing/Matching</th>
<th>Institutional State Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-21-RR163-123</td>
<td>10-21-BR163-123</td>
<td>10-25-AR163-000</td>
</tr>
<tr>
<td>10-11-RH163-007</td>
<td>10-11-CH163-007</td>
<td>10-11-GH163-000</td>
</tr>
<tr>
<td>10-31-RE163-008</td>
<td>10-31-CE163-008</td>
<td>10-31-GE163-000</td>
</tr>
</tbody>
</table>
3. All costs that have been committed as cost share must be budgeted and recorded in the companion cost share account and readily identifiable as directly benefiting the project. Companion accounts will be budgeted and administered identically to all other operating accounts. For example, if the cost-sharing contribution is in the form of salary commitment, the project effort should be documented through personnel and Personnel Activity Report (PAR) or timesheet. If the cost share contribution is in the form of travel or supplies, the cost should be documented in the same way that travel and supplies are charged directly to a sponsored project (i.e., a travel expense statement, check request, purchase request, p-card, etc.).

The only exceptions to this statement are:
(a) Staff benefits will be automatically budgeted based on actual salary calculations, and
(b) Indirect cost allocable to the companion account will not be budgeted or recorded. Both costs, however, will be recognized by Post Award Accounting in financial reporting.

4. The source of funds that may be budgeted in a companion account can be any education & general (E&G) fund account of the University (i.e., operational codes G, A, K, or L), except Hatch or Smith Lever accounts. In many cases, the funding source will be the departmental research account. Identifying and providing resources for cost sharing of direct costs (including equipment) is always the responsibility of the PI. The PI may NOT utilize funds from federal awards as the source of cost sharing, except as authorized by statute.

5. On receipt of an award document, Post Award Accounting will establish a sponsored account and assign an account number; budget the sponsored account as awarded; establish a companion account and assign an account number; determine the required cost sharing/matching from the award and the proposal; and provide this information to the department responsible for administering the account.

6. It is the responsibility of the awarded department to insure that ALL cost share transactions are initiated and completed in a timely manner. Cost transfers for Cost Share accounts must be completed prior to the fiscal year-end.

7. In some cases, either a University foundation account or a sponsored account, from other than Federal sources can operate in lieu of the companion account. In-kind costs of this type must be approved by the sponsor. If you have another restricted account (i.e., from a private or state sponsor) for a related study, this may satisfy the cost-sharing requirement. In this case the Department Head should approve documentation citing the related contract or grant and briefly explain the relationship between the two projects at the time of proposal submission.

8. The Department Head and PI are responsible for ensuring the accuracy of cost sharing/matching.

9. The PI should carefully consider the amount of cost sharing that is required, as well as the difficulty involved in documenting cost sharing, before including cost sharing in the proposal.

10. Documentation of cost share is required whenever a PI declares in writing a percent effort anywhere within the proposal without requesting compensatory reimbursement from the sponsor.

Forms/Instructions
OSP Transmittal Form
Personnel Activity Report

Additional contacts
Office for Sponsored Programs (OSP)

Policy definitions
The terms "cost sharing," "matching," and "in-kind" refer to that portion of the total project costs not borne by the sponsor. The terms "cost sharing," "matching," and "in-kind" are often used interchangeably. Attention should be given to sponsor definitions of those terms. The University's use of these terms is outlined below.
Cost Sharing/Matching is any expenditure necessary to complete a project that is borne, not by the sponsoring agency, but by the University. These costs may include the portion of salary (personnel) or non-personnel expenditures paid by the University from State funded or privately funded sources that are accounted for within a University account number.

In-Kind costs are borne by an external organization. Funds do not flow through the University’s financial system. In-Kind matching is funding received from another source in conjunction with, or often on the condition of, additional primary funding.

Committed Cost Share can be either mandatory (required by agency) or voluntary cost sharing, matching, or in-kind funds quantified in the proposal budget, budget justification, or stated in the awarding documents.

Uncommitted Cost Share is voluntary cost sharing, matching, or in-kind funds not pledged in the proposal and subsequently not stated on award documents. This type of cost sharing is more than what is agreed to as part of the award. This is commonly referred to as voluntary uncommitted cost sharing and does not have to be documented or reported.

Responsibilities

Responsible University Senior Administrator: Vice President for Finance & Administration

Responsible University Administrator: Associate Vice President for Finance Division

   Policy Owner: Post Award Accounting
   Policy Contact: Gail Chester
   Phone Number: 706-542-9230

Responsibilities: Office for Sponsored Programs and Post Award Accounting staff should know this policy. University faculty, staff, and administrative personnel who submit proposals and account for Grants and Contract type funding must follow the policies and procedures for Cost Sharing.

Record Retention

This series provides a record of the establishment and administration of individually sponsored grant and contract restricted funds accounts, documents compliance with fiscal reporting requirements, and includes billing information for accounts receivable from sponsoring agencies and from departments for gift account fees. Grants may be federal, state, corporate, or private. This series may include but is not limited to: project summaries; grant authorizations; contract documents; project budget change and adjustment forms; invoices; receipts; cashier’s receipts; equipment purchase orders; prior approval request forms; account request forms; vendor telephone contact logs; subcontracts; grants and contracts monthly budget summary statements; institution billings balance sheets; reports for grants and contracts that are operating on direct payments; final financial reports; property reports; patent/invention reports; contractor’s release report; assignment of refunds and rebates documents; equipment disposition reports; and related documentation and correspondence.

Record Copy: Institutional Archives; Post Award Accounting

Retention: Contracts, patents, and agreements for use of research outcomes: Permanent. All other accounting records: 7 years after final financial report is submitted and the account is closed, unless otherwise specified as longer by the terms of the contract

Citation or Reference: OMB Uniform Guidance; BOR Research Grant Records 0472-09-006

Policy Appendices

University of Georgia Cost Share PowerPoint

FAQs

Who is responsible for meeting the cost sharing obligations of a sponsored project?
The Principal Investigator/department is responsible for making sure that all cost sharing commitments, including those offered by a third party, are met.

What is “Cost Sharing”?  

Cost sharing is any cost associated with a sponsored project that is not paid by the sponsor. Cost sharing can be mandatory (required by the sponsor) or voluntary. When cost sharing is indicated in the proposal or its budget, it is considered an obligation and expenditures must be tracked in the accounting system. To do this tracking, a cost share account will be established by the Sponsored Programs Post Award Accounting Department at the time the sponsored account is established.

Cautionary Notes

1) Cost share commitments can be stated in several places within a proposal. They may be part of the budget, part of the budget explanation or justification, or they may be stated in the text of the narrative. They may also be in all three places. No matter where they are to be found within the proposal, statements of cost sharing commitment are binding on the institution should the proposal be funded. In all instances where cost sharing is described, the institution is committed to account for and track these commitments along with funds awarded by the sponsor.

2) When faculty time is contributed as cost share in support of a project, it is expected that budgeted research time be utilized for cost share before instructional time is considered. Whenever cost share involves instructional time, the faculty member’s department head and/or dean must be notified so that approval can be obtained.

3) In all instances where cost sharing is described, the institution is committed to account for these expenditures. The budgetary unit of record is responsible for documenting and tracking all commitments made on a project, whether made by that department or not, unless subaccounts are established so that the responsibility can flow down to other units.

Suggested Language for Describing Support

A number of research universities have crafted suggested language to use in proposals to describe institutional support for a project that does not commit the institution or the Principal Investigator to a specific amount of cost share. These statements are purposefully vague and do not constitute cost share commitments; they stay well away from citing percent of time or salaries and make no overt promises of specific levels of support. The University of Georgia fully supports the use of such statements whenever its Principal Investigators wish to address the issue of academic or programmatic contributions or support, but do not wish to formally volunteer cost share.

**DO SAY:**

“UGA fully supports the academic year salaries of Professors, Associate Professors, and Assistant Professors, but makes no specific commitment of time or salary to this particular project. Key personnel will be available to oversee and direct the project, as proposed.” *Adapted from Massachusetts Institute of Technology*

“Dr. Jones will be providing expert advice and consultation to the project, as needed.” *Adapted from University of Alabama-Birmingham*

“The University demonstrates support to the project through the availability and expertise of the Project Director (or Principal Investigator).” *Adapted from University of Alabama-Birmingham*
“Dr. Smith is Principal Investigator and requests 25% salary support for this project. She will provide additional support to the project, as needed.” Adapted from University of Alabama-Birmingham

“An annual stipend of $15,000 is requested for one full-time Graduate Doctoral Assistantship. UGA generally supports Graduate Assistantships, in addition to their monthly stipend, through waived tuition costs for each semester enrolled.”

DON'T SAY:

“As a state supported institution of higher education, Dr. Martin's salary is paid by the State of Georgia; she will devote 25% effort toward this project.”

“The University of Georgia is highly supportive of this project and agrees to be responsible for the salary of the PI for its duration.”

“Effort equivalent to $15,000 in salary and benefits will be provided by the PI.”

“An annual stipend of $15,000 is requested for one full-time Graduate Doctoral Assistantship. In addition, the University of Georgia will cost share the Graduate student's out-of-state tuition at an amount approximately totaling $21,088 per year.”

Related information
Procedure on Committed Effort

Personnel Activity Reports (PARs) | Cost Transfer

Policy Dates
Effective Date:

Date Last Updated: 06/17/2016

Date of Last Review:

Date of Approval:

Previous Version of Policy: