

Augusta University

Policy Library

Policy on Cost Sharing or Matching

Policy Manager: Sponsored Programs Administration

POLICY STATEMENT

The purpose of this policy is to provide guidelines on the proper tracking and reporting of cost sharing and is applicable to both federal and non-federal sponsors.

Cost sharing has a significant financial impact on the department providing the funds as well as on the University as a whole. Committed cost sharing must be tracked and accounted for separately from other University funds. It must be included in the appropriate base (denominator) when calculating the University's Facilities and Administrative (F&A) cost rate (also referred to as indirect cost rate). Because cost sharing reduces the F&A rate calculation, commitments should be kept to a minimum or only applied when stipulated by the sponsor. Augusta University requires that the appropriate F&A rate, in accordance with the institutionally approved Indirect Cost Rate Agreement, be applied to sponsored programs proposals. Any deviations from the approved rates must be formally requested and approved prior to proposal submission. It is anticipated that such requests will be made and approved on a case-by-case basis. Any quantifiable cost sharing (mandatory or voluntary) offered in the proposal becomes a legally binding and accountable commitment of the University upon award. Prior to making any formal commitments or changes to cost sharing commitments to the sponsor, the PI and/or the Departmental Administrator or research manager must consult with their DSPA Pre-award Officer and the AU Associate Vice President for Sponsored Programs Administration.

Requirements

Cost sharing commitments begin with the proposal. Cost sharing commitments should be indicated when the proposal is routed and delineated in the budget submitted to the external sponsor. Cost sharing commitments require approval by the Department Chair and Dean's Office. Charges will be recorded against the sponsored and cost share accounts as directed by the Principal Investigator. Principal Investigators and their departmental administrators are responsible for monitoring the activity in their cost-sharing accounts to ensure that charges are necessary, reasonable, allowable, and allocable.

Reducing cost sharing commitments: The actual effort and other costs required to accomplish the sponsored project may differ from what was proposed and awarded. If funds awarded differ from those proposed, then the cost sharing commitments should be reduced proportionately prior to an award being made. Similarly, for proposals which include multiple institutions' cost sharing contributions, obligations are anticipated to be proportionate to the funds being subcontracted.

Regulations

2 CFR Part 200: *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (herein referred to as the Uniform Guidance)*, requires that in order for expenditures to qualify as cost sharing, a cost must meet the following criteria:

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Executive Sponsor: VP, Sponsored Programs Administration

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- must be necessary and reasonable for proper and efficient accomplishment of the project or program objectives;
- must be specifically identified in the approved budget and stipulated by the Federal or non-Federal awarding agency;
- must be allowable under the Uniform Guidance and must conform to other provisions of the Uniform Guidance, as applicable;
- must be verifiable in the Institution's financial records;
- cannot be paid by the Federal government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost-sharing requirements of other Federal programs
- cannot be used as cost sharing on another Federal project or program; and
- costs representing salaries over regulatory caps, such as the National Institutes of Health salary cap, cannot be used to meet a cost sharing commitment.

There are three categories of cost-sharing: **mandatory**, **voluntary committed**, and **voluntary uncommitted**.

- **Mandatory cost sharing:** is required by the sponsor as a condition of funding. It is described in the sponsor's program announcement and noted in the award document or the approved budget. It must be included in the proposal as a condition of submission and receipt of award.
- **Voluntary committed cost sharing:** is not required by the sponsor, but is included in the proposal by the Principal Investigator either in the budget, budget justification or elsewhere in the proposal including the narrative. The Uniform Guidance Section 200.306 Cost sharing or Matching states: "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. Criteria for considering voluntary committed cost sharing and any other program policy factors that may be used to determine who may receive a Federal award must be explicitly described in the notice of funding opportunity." Accordingly, Augusta University discourages voluntary cost sharing commitments.
- **Voluntary uncommitted cost sharing:** is a contributed resource that is not included in the proposal or award. This type of cost sharing does not need to be tracked by the university.

Third-Party In-Kind Contributions

When a third-party makes a cost sharing or matching commitment as part of a sponsored program proposal, the university is responsible for ensuring the commitment is met. A third-party that is unable to meet its commitment may require the university to request a change in the cost sharing budget for the sponsored program. Valuation and documentation for third-party in-kind contributions must adhere to the following standards from the Uniform Guidance 200.306:

- Rates for third-party volunteer services must be consistent with those paid for similar work by the non-Federal entity. In those instances, in which the required skills are not found in the non-Federal

entity, rates must be consistent with those paid for similar work in the labor market in which the non-Federal entity competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, necessary, allocable, and otherwise allowable may be included in the valuation.

- When a third-party organization furnishes the services of an employee, these services must be valued at the employee's regular rate of pay plus an amount of fringe benefits that is reasonable, necessary, allocable, and otherwise allowable, and indirect costs at either the third-party organization's approved federally negotiated indirect cost rate or, a rate in accordance with the Uniform Guidance §200.414 Indirect (F&A) costs, paragraph (d), provided these services employ the same skill(s) for which the employee is normally paid. Where donated services are treated as indirect costs, indirect cost rates will separate the value of the donated services so that reimbursement for the donated services will not be made.
- Donated property from third parties may include such items as equipment, office supplies, laboratory supplies, or workshop and classroom supplies. Value assessed to donated property included in the cost sharing or matching share must not exceed the fair market value of the property at the time of the donation.
- The method used for determining cost sharing or matching for third-party donated equipment, buildings and land for which title passes to the non-Federal entity may differ according to the purpose of the Federal award, if paragraph (1) or (2) of this section applies.
 - (1) If the purpose of the Federal award is to assist the non-Federal entity in the acquisition of equipment, buildings or land, the aggregate value of the donated property may be claimed as cost sharing or matching.
 - (2) If the purpose of the Federal award is to support activities that require the use of equipment, buildings or land, normally only depreciation charges for equipment and buildings may be made. However, the fair market value of equipment or other capital assets and fair rental charges for land may be allowed, provided that the Federal awarding agency has approved the charges.
- The value of donated property must be determined in accordance with the usual accounting policies of the non-Federal entity, with the following qualifications:
 - (1) The value of donated land and buildings must not exceed its fair market value at the time of donation to the non-Federal entity as established by an independent appraiser (e.g., certified real property appraiser or General Services Administration representative) and certified by a responsible official of the non-Federal entity as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. 4601-4655) (Uniform Act) except as provided in the implementing regulations at 49 CFR part 24.
 - (2) The value of donated equipment must not exceed the fair market value of equipment of the same age and condition at the time of donation.

- (3) The value of donated space must not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.
- (4) The value of loaned equipment must not exceed its fair rental value.
- For third-party in-kind contributions, the fair market value of goods and services must be documented and to the extent feasible supported by the same methods used internally by the non-Federal entity.

Roles and Responsibilities

Principal investigators (PIs): Are responsible for ensuring their proposals include only mandatory cost sharing. The PI must make certain these costs are correctly represented in the budget, budget justification and scope of work, and are consistent with this policy and the sponsor's guidelines. PIs are charged with identifying University and/or third-party resources that will be used to meet the cost sharing commitment and with obtaining their Chair's and Dean's approval prior to routing the materials to the Division of Sponsored Program Administration. Upon receipt of an award the PI(s) must make sure the cost sharing commitments are fulfilled and the cost shared expenses are posted to the correct accounts.

Departmental Responsibilities: Include: i) reviewing the proposal narrative, budget, budget justification and other proposal components for cost sharing commitments; ii) whenever possible minimizing and eliminating cost sharing by ensuring commitments are not made in proposals unless required by the sponsor; iii) providing documentation of approval of cost sharing commitment on behalf of the departmental (e.g. Chair) and Dean); iv) initiating and routing a Budget Amendment and Cost Share (BACS) form to establish and maintain necessary cost sharing account(s); v) ensuring that the same resources are not offered as cost sharing on more than one project; vi) managing the effort reporting process for committed cost sharing and for ensuring that unallowable costs, such as salaries over regulatory caps, are not counted toward cost sharing commitments; and vii) teaming with DSPA Post Award Services staff to ensure proper expenditure and tracking of cost sharing commitments are met.

In circumstances where donated services, including volunteer work, are used for cost sharing, the department is responsible for providing documentation of the fair market value for the services for review and approval by DSPA Post Award Services. Departments are also responsible for obtaining and retaining documentation related to third-party donated/purchased property or materials, such as equipment, supplies, land, and buildings, and such records will be made available to DSPA Post Award Services. Backup documentation for services and goods should be in accordance with AU's documentation standards for similar services and goods. Acceptable forms of backup documentation include timecards (for time tracking), copies of invoices/receipts/payments for the purchase of property and materials, and statements of a piece of property or services' fair market value (appropriately signed/certified by the third party). The determination of allowability of the contribution of donated third-party cost sharing or matching will be made in accordance with the Uniform Guidance or other sponsor guidelines.

Division of Sponsored Programs Administration: is responsible for reviewing proposals to minimize or eliminate commitments of institutional resources and for ensuring that cost sharing commitments are

approved by the appropriate university officials. Upon award, DSPA is responsible for requesting the initial Budget Amendment and Cost Share form from the appropriate Department Administrator, if not already provided, ensuring that suitable accounts are provided from which cost sharing has been pledged, and establishing and maintaining cost sharing accounts within the University’s official financial management system. During and at the end of an award, DSPA is responsible for verifying and documenting that the cost sharing commitment was met. DSPA is also responsible for including cost sharing expenses in the indirect cost calculations, as appropriate.

AFFECTED STAKEHOLDERS

Indicate all entities and persons within the Enterprise that are affected by this policy:

- Alumni Faculty Graduate Students Health Professional Students
- Staff Undergraduate Students Vendors/Contractors Visitors
- Other:

DEFINITIONS

Cost sharing or Matching: Portion of a sponsored program’s project expenses not borne by the sponsor. Both Federal and non-federal sponsors can stipulate cost sharing or matching in proposal announcements and award terms and conditions. Expenses incurred to meet cost sharing commitments bring the same accounting, financial, legal, and regulatory burdens as costs on Augusta University sponsored programs.

Committed Cost Sharing: Mandatory cost sharing, which is required by the sponsor, and voluntary committed cost sharing, which is voluntarily committed in the proposal by AU to the sponsor. It excludes voluntary uncommitted cost sharing, which is cost sharing that is not required by the sponsor and not committed in the proposal, and it is not required to be tracked or recorded by AU. When an award is made which includes committed cost sharing, Augusta University agrees to ensure that the cost sharing is funded, and the obligation is met. Committed cost sharing expenditures must be identified, administered, recorded, accounted for consistently, and reported as stipulated by the sponsor.

Third-Party In-Kind Contributions: the value of non-cash contributions (i.e., property or services) that (a) benefit a federally assisted project or program and (b) are contributed by non-Federal third parties, without charge, to a non-Federal entity under a Federal award.

Unrecovered Indirect (F&A) Costs: Difference between the amount of indirect costs charged to the award versus the amount which could have been charged had the applicable Augusta University Federally approved negotiated indirect cost rate been applied. Unrecovered indirect costs, including indirect costs on cost sharing or matching expenditures may be included as part of cost sharing or matching only with the prior approval of the awarding agency. In accordance with the Uniform Guidance 200.306, prior agency approval is required if Unrecovered Indirect Costs are to be used as part of the cost sharing/matching.

REFERENCES & SUPPORTING DOCUMENTS

Budget Amendment and Cost Share Form –

<https://augustauniversity.app.box.com/s/ld52svp6i8eia73eatuq9yhsv6wja5ms>

RELATED POLICIES

Institutional Review of Extramural Proposals –

<https://augustauniversity.app.box.com/s/liyp3tt3peb21cdfrgb6x94hkalihlz3>

Facilities and Administrative Cost Policy -

<https://augustauniversity.app.box.com/s/whycjoh71tpocce2zmkwal970uqayki>

Direct Charging Policy -

<https://augustauniversity.app.box.com/s/czs0s5vlzmp476xbwyeo8tpxnv0mmh2a>

Cost Transfer Policy - <https://augustauniversity.app.box.com/s/yw95kv2y0cwbh6b2yuv6kth41cb0xndt>

APPROVED BY:

Executive Vice President for Academic Affairs and Provost, Augusta University

Date: 8/17/2022

President, Augusta University

Date: 8/17/2022