

POLICY AND PROCEDURE ON COST SHARING

This policy provides guidance to faculty on the circumstances under which cost sharing is permitted and the responsibilities of the campus and the researcher in situations where the Amherst campus makes a cost sharing commitment to the sponsor.

Effective Date: The policy is effective July 1, 1998.

Applicability: This policy applies to all federal and non-federal sponsored agreements.

Definition of Cost Sharing:

Cost Sharing is defined as the portion of the total project costs of a specific sponsored agreement that is borne by the Amherst campus (or in some cases, a third party), rather than the sponsor. Cost sharing normally represents a reallocation of departmental or school resources to partially support an externally sponsored project. Cost sharing on federal projects must be from non-federal sources. Examples of cost sharing include contributions of personnel effort and associated fringe, equipment, tuition waiver and other direct costs associated with a project. Indirect costs may not be cost shared without the approval of the Vice Chancellor for Research or designee.

Cost sharing is classified as either mandatory or voluntary. Cost sharing that is classified as “mandatory” is a written requirement of the sponsor, and the ability to apply for and receive an award is contingent upon the campus’s willingness to comply with this requirement. Cost sharing is classified as “voluntary” when it is not a requirement of the sponsor and the campus voluntarily proposes to cost share an expense, whether on the budget page or in the text of the proposal. Voluntary cost sharing also includes situations where a commitment is not made in a proposal, but the campus absorbs costs which directly benefit the project.

An agreement to cost share, whether voluntary or mandatory, represents a commitment, subject to audit, of the Amherst campus to provide the stated services or assets during the performance of the project. Principal investigators are urged to discuss proposed cost-sharing arrangements well in advance of submission of the sponsored agreement proposal with their department chair and pre-award staff of the Office of Grant and Contract Administration (OGCA).

When is Cost Sharing Permissible?

Mandatory Cost-Sharing: Although mandatory cost sharing was eliminated as a requirement by the National Institutes of Health in the eighties, mandatory cost sharing is still a requirement of some private and government sponsors. Mandatory cost sharing can include any direct cost budget item and indirect costs, depending upon the specific requirements of the sponsor. The campus accepts mandatory cost sharing requirements when the following conditions have been met:

- The cost-sharing requirement is documented in the written application guidelines of the sponsor and those policies are available to OGCA in its review of the proposal.
- The person responsible for contributing the funds to cover the cost sharing has reviewed and approved the proposal to signify the ability and willingness to provide the required cost sharing resources (e.g. percent of principal investigator's salary to cover the effort devoted to the project).

Voluntary Cost-Sharing: It is the policy of the Amherst campus to assume a cost-sharing commitment only when required by the sponsor or by the competitive nature of the award, and then to cost share only to the extent necessary to meet the specific requirements. Principal investigators are strongly encouraged to request reimbursement of the total anticipated costs of a project in the proposal budget. Proposals which voluntarily offer to provide personnel effort of other resources at no cost to the sponsor, are offering cost sharing which is generally discouraged by the campus. The campus accepts voluntary cost sharing on grant or contract proposals only when the following conditions have been met:

- The person responsible for contributing the matching funds has reviewed and approved the proposal to signify the department's ability and willingness to provide the cost sharing resources.
- The competitive need for cost sharing has been well documented and reviewed by OGCA and the cost shared items are easily documented as defined below. Further review may be sought by the Vice Chancellor for Research.

All cost sharing (mandatory and voluntary) must have a signature of approval and an account reference for the source of funds to cover the cost sharing.

Documentation of Cost Sharing:

1) Faculty, Student or Staff Effort:

When such effort is committed in a sponsored project proposal, or is otherwise provided to a sponsored project, it must be identified and tracked on the annual effort survey. The campus is responsible for documenting to sponsors and auditors that the proposed expenses were actually cost shared. Each faculty or staff member who provides a cost sharing contribution to sponsored project(s) must identify the percentage of his/her effort from campus funding which is devoted to the project(s). The account number used to fund the cost shared effort is also identified on the effort survey. The campus computes the total cost sharing payroll and fringe benefit dollars related to sponsored research and then adds it to the research modified total direct costs for the indirect cost proposal.

2) Other Expenses:

The campus discourages cost sharing of other (non-payroll) expenses primarily due to the difficulty in documenting these types of costs. If cost sharing of other expenses is anticipated on a sponsored agreement, the principal investigator must provide an account reference and means of documenting the costs to OGCA. Annually and upon completion of the sponsored agreement the principal investigator must provide a report of cost shared expenditures to the Assistant Controller or designee for the Grant Accounting Section.

3) Third Party Cost-Sharing:

In kind contributions from non-university sources is only allowed in unusual circumstances. If allowed, documentation of the commitment from the non-university source must be provided with the submission of the proposal to OGCA. Should the project be awarded, the third party would be required to enter into a formal agreement with the University indicating its commitment to provide the University reports and supporting documentation on their contribution for auditing purposes.